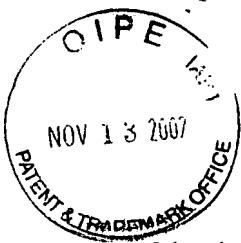


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November 9, 2007

Date

Alexandra Beggs

Alexandra Beggs

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Appl. No. : 09/858,145

Confirmation No. : 2191

Applicants : Thomas Prohaska and Daniel Prohaska

Filed : May 14, 2001

Attorney Docket No.: 501009.01 (29975/US)

Art Unit : 3622

Customer No. : 27,076

Examiner : Jeffrey D. Carlson

Title : THIRD PARTY PAYOR METHOD AND SYSTEM FOR DISTRIBUTING
FINANCIAL BENEFITS

APPEAL BRIEF TRANSMITTAL

Mail Stop Appeal Brief –Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

Transmitted herewith, in triplicate, is the Appeal Brief in this application, with respect to the Notice of Appeal filed on September 19, 2007. Enclosed is our check in the amount of \$510 for filing this Appeal Brief.

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Any deficiency or overpayment should be charged or credited to Deposit Account No. 50-1266. This transmittal is being submitted in duplicate.

Respectfully submitted,

DORSEY & WHITNEY LLP



Edward W. Bulchis
Registration No. 26,847

EWB(CH):alb

Enclosures:

- Postcard
- Check
- Appeal Brief (+ 2 copies)
- Copy of this Transmittal/Petition

1420 Fifth Avenue, Suite 3400
Seattle, WA 98101
Tel: (206) 903-8800
Fax: (206) 903-8820

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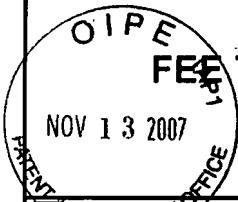
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Effective on 9/30/07

Complete if Known



Application No.	09/858,145
Filing Date	May 14, 2001
First Inventor	Thomas Prohaska
Group Art Unit	3622
Examiner Name	Jeffrey D. Carlson
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Applicant claims small entity status (see 37 C.F.R. 1.27)

METHOD OF PAYMENT (Check One)

The Director is hereby authorized to charge any additional fee required under 37 C.F.R. §§ 1.16 and 1.17 and 1.136(a)(3) and credit any over payments to Deposit Account No. **50-1266**; Deposit Account Name: **DORSEY & WHITNEY LLP**.

Check Enclosed.

Extra Claim Fees

Current Claims	Prior	Extra	Fee	Fee Paid
Total	20	=	x \$	\$
Ind.	3	=	x \$	\$
Multiple Dependent Claims		x	\$	\$
Subtotal (Extra Claims)				\$

Petition Fee Under 37 CFR 1.17(f), (g), & (h)

Enclosed is a Petition filed under 37 CFR as indicated below:

Petition Fee under 37 CFR 1.17(f) Fee \$400
 § 1.53(e) to accord a filing date.
 § 1.57(a) to accord a filing date.
 § 1.182 for decision on a question not provided for.
 § 1.183 to suspend the rules.
 § 1.378(e) for reconsideration of decision on petition refusing delayed payment of maintenance fee in expired patent.
 § 1.174(b) to accord a filing date to an application under §1.740 for extension of patent term.

Petition Fee under 37 CFR 1.17(g) Fee \$200
 § 1.12 for access to an assignment record.
 § 1.14 for access to an application.
 § 1.47 for filing by other than all inventors or person not the inventor.
 § 1.59 for expungement of information.
 § 1.103(a) to suspend action in an application.
 § 1.136(b) for review of a request for ext. of time when §1.136(a) not avail.
 § 1.295 for review of refusal to publish a statutory invention registration.
 § 1.296 to withdraw a req. for pub. after notice of intent to publish issued.
 § 1.377 for review of decision refusing to accept a maintenance fee filed prior to expiration of a patent.
 § 1.550(c) for request for ext. of time in *ex parte* reexam. proceedings.
 § 1.956 for request for ext. of time in *ex parte* reexam. proceedings.
 § 5.12 for expedited handling of foreign filing license.
 § 5.15 for changing the scope of a license.
 § 5.25 for retroactive license.

Petition Fee under 37 CFR 1.17(h) Fee \$130
 § 1.19(g) to request documents in a form other than provided in this part.
 § 1.84 for accepting color drawings or photographs.
 § 1.91 for entry of a model or exhibit.
 § 1.102(d) to make an application special.
 § 1.138(c) to expressly abandon an application to avoid publication.
 § 1.313 to withdraw an application from issue.
 § 1.314 to defer issuance of a patent.

3. ADDITIONAL FEES			
Large Entity Fee	Small Entity Fee	Fee Description	Fee paid
50	25	Surcharge - late provisional filing fee or cover sheet	\$
130	65	Surcharge - Late nonprovisional filing fee or oath	\$
180	180	Submission of IDS	\$
40	40	Recording each patent assignment per property (times number of properties)	\$
120	60	Extension for reply within first month	\$
460	230	Extension for reply within second month	\$
1,050	525	Extension for reply within third month	\$
1,640	820	Extension for reply within fourth month	\$
2,230	1,115	Extension for reply within fifth month	\$
810	405	Submission After Final 1.129	\$
510	255	Notice of Appeal	\$
510	255	Filing a brief in support of an appeal	\$510
1,030	515	Request for oral hearing	\$
130	65	Terminal Disclaimer Fee	\$
820	410	Design Issue Fee	\$
810	405	Request for Continued Examination (RCE)	\$
130		Request for voluntary publication or republication	\$
510	255	Petition to Revive – unavoidable	\$
1,540	770	Petition to Revive – unintentional	\$
200		Filing for patent term adjustment	\$
400		Request for reinstatement of term reduced	\$
1,120		Extension of term of patent	\$
OTHER FEE (specify)			\$
			Subtotal (Additional Fees) \$510
			Total Amount of Payment: \$510

Submitted by:

CUSTOMER NUMBER
27,076

DORSEY & WHITNEY LLP

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(206) 903-8800 phone / (206) 903-8820 fax

Name: Edward W. Bulchis

Reg. No.: 26,847

Signature:

Date: **11/8/07**

Effective on 9/30/07

Complete if Known

Application No.	09/858,145
Filing Date	May 14, 2001
First Inventor	Thomas Prohaska
Group Art Unit	3622
Examiner Name	Jeffrey D. Carlson
Atty. Docket Number	501009.01 (29975/US)

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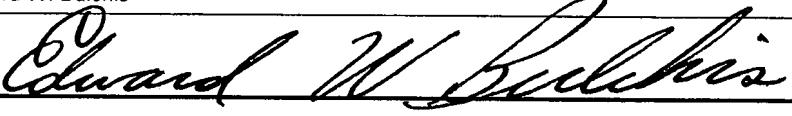
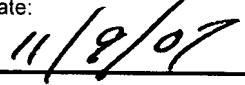
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Submitted by:

CUSTOMER NUMBER 27,076	DORSEY & WHITNEY LLP	1420 Fifth Avenue, Suite 3400 Seattle, WA 98101-4010 (206) 903-8800 phone / (206) 903-8820 fax
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Name: Edward W. Bulchis

Reg. No.: 26,847

Signature: Date: 



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November 9, 2007 Alexandra Beggs

Date

Alexandra Beggs

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Appl. No. :	09/858,145	Confirmation No. :	2191
Applicant :	Thomas Prohaska and Daniel Prohaska		
Filed :	May 14, 2001	Attorney Docket No.:	501009.01
Art Unit :	3622	Customer No. :	27,076
Examiner :	Jeffrey D. Carlson		
Title :	THIRD PARTY PAYOR METHOD AND SYSTEM FOR DISTRIBUTING FINANCIAL BENEFITS		

Mail Stop Appeal Brief – Patents
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P.O. Box 1450
Alexandria, VA 22313-1450

APPELLANT'S BRIEF (37 C.F.R. § 41.37)

Sir:

This brief is in furtherance of the Notice of Appeal filed in this case on September 19, 2007. The fees required under Section 41.20 are dealt with in the accompanying transmittal letter.

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I. REAL PARTY IN INTEREST

The real party in interest in this appeal is the assignee of this application, Wealthbank Corporation., an Idaho Corporation having a principal place of business in Coeur D'Alene, Idaho.

II. RELATED APPEALS AND INTERFERENCES

There are no other appeals or interferences known to Appellant, the Appellant's legal representative, or the Assignee, which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

III. STATUS OF CLAIMS

A. TOTAL NUMBER OF CLAIMS IN APPLICATION

Claims in the application are: 1-3, 5, 6, 11-21, and 24-77.

B. STATUS OF ALL THE CLAIMS

1. Claims canceled: 4, 7-10, 22, and 23.
2. Claims withdrawn from consideration but not canceled: None.
3. Claims objected to: None.
4. Claims allowed or confirmed: None.
5. Claims rejected: 1-3, 5, 6, 11-21, and 24-77.

C. CLAIMS ON APPEAL

The claims on appeal are: 1-3, 5, 6, 11-21, and 24-77.

IV. STATUS OF AMENDMENTS

Appellant's amendment filed January 9, 2007 has been entered.

V. SUMMARY OF CLAIMED SUBJECT MATTER

1. Introduction

The present application is directed toward solving the problem of how a party may compensate, for example, an attorney through a third party for services rendered. An embodiment of the disclosed method of conducting transactions includes three entities or persons. Typically, there are one each of: an attorney, the attorney's client and a third-party service provider. In one embodiment, the attorney provides legal services to the client and also refers the client to the third-party service provider. The third-party service provider then arranges to provide another type service to the client and is paid a fee by the client for doing so. In one embodiment, the third-party service provider manages some of the assets or wealth of the client on an ongoing basis. Once the client pays the fees of the third-party service provider, the provider then pays the attorney for the legal services that were previously rendered to the client. As the relationship between the third-party service provider and the client continues, the attorney will typically continue to advise the client as to matters relating to the management of the assets or wealth. Payment for the legal advice and services dispensed in this capacity will further be paid out of the ongoing fees paid to the service provider for the management of the assets or wealth. It should be noted, however, that the advice and legal services are rendered by the attorney for and at the behest of the client. Said another way, the attorney has a relationship with the client and not with the third-party service provider.

This arrangement for the provision of services, legal and otherwise, as well as payment of fees has several advantages. For example, the relationship between the attorney and the client remain independent of the relationship between the client and the third-party service provider. One advantage of this is that the client is free to use one of their existing attorneys. Also, the attorney may independently evaluate the services provided by the third-party service provider and advise the client accordingly which is of benefit to the client. Lastly, the client has the advantage of paying only one set of fees, to the third-party service provider, for both the legal services rendered by the attorney and those rendered by the service provider. Of course, this arrangement is also beneficial to the attorney because it not only allows them to maintain an

independent practice, but also to benefit from the overall relationship without running afoul of ethics regulations that prohibit receipt of referral fees.

The “traditional business model” of the admitted prior art discloses a very different scheme for distributing legal and financial services to a client. As explained in greater detail below, unlike applicant’s business model, the traditional business model provides no financial benefit to the client and no non-financial benefit to the attorney for the attorney referring the client to the service provider.

Support in the specification for the limitations of the independent claims is pointed out below.

2. Claim 1

Claim 1 is directed to a method of conducting business transactions. *See Specification*, page 1, lines 4-10. The method includes a “first entity providing a first type of service to a second entity[.]” In one embodiment, the first entity provides legal services to a client. *See Specification*, page 7, line 21 – page 8, line 17. The method also includes “the first entity referring the second entity to a third entity for performing a first benefit for the second entity” In an embodiment, the third entity can be, for example, a benefit provider. *See Specification*, page 8, lines 27-29. The first entity refers the second entity to the benefit provider. *See Specification*, page 8, lines 1-4. The “first benefit for the second entity” is the benefit provided to the client by the benefit provider. *See Specification*, page 8, 18-33. The method also provides that the first entity is “not accepting fees for referring the second entity to the third entity[.]” *See Specification*, page 2, lines 29-31. Also, the first entity may “not [perform] the first benefit for the second entity[.]” *See Specification*, page 11, 18-19. The method also includes the step of “the third entity performing the first benefit for the second entity[.]” *See Specification*, page 8, lines 1-4. The method includes the step of “the third entity accepting fees from the second entity for providing the first benefit[.]” *See Specification*, page 8, 18-21. Lastly, the method provides the steps of “the third entity compensating the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit.” *See Specification*, page 9, 5-15.

3. Claim 37

Claim 37 is directed to a method of providing legal services to a client. The method includes the step of “enlisting at least one attorney to provide the legal services to the client[.]” *See Specification*, page 7, line 21 – page 8, line 17. “[T]he at least one attorney [refers] the client to an asset management entity[.]” *See Specification*, page 8, lines 1-4. The method also provides that the attorney is “not accepting fees for referring the client to the asset management entity[.]” *See Specification*, page 2, lines 29-31. “[T]he asset management entity [charges] a fee to the client for managing the asset[.]” *See Specification*, page 8, 18-21. Lastly, the method includes the step of “the asset management entity compensating the attorney for the legal services provided to the client by paying the attorney a portion of the fees the asset management entity charges the client for managing the asset.” *See Specification*, page 9, 5-15.

4. Claim 65

Claim 65 is directed to a third-party compensation method for providing legal services to a client. The method includes the step of “establishing a relationship between an attorney and the client to provide legal services to the client concerning management of an asset owned by the client[.]” *See Specification*, page 7, line 21 – page 8, line 17. “[T]he attorney [refers] the client to an asset management entity to manage the asset of the client[.]” *See Specification*, page 8, lines 1-4. The method also provides that the attorney is “not accepting fees for referring the client to the asset management entity[.]” *See Specification*, page 2, lines 29-31. The method further provides “establishing a relationship between the client and the asset management entity, and, pursuant to the relationship, the asset management entity managing the asset owned by the client and charging a fee to the client for managing the asset[.]” *See Specification*, page 8, 18-21. The method includes the step of “establishing a relationship between the attorney and the asset management entity[.]” *See Specification*, page 9, 5-15. Finally, “pursuant to the relationship between the attorney and the asset management entity, the asset management entity compensating the attorney for legal services provided to the client regarding the asset being managed by the asset management entity, the compensation being

provided from the fees the asset management entity charges the client for the management of the asset.” *See Specification*, page 9, 5-15.

5. Claim 66

Claim 66 is directed to a third-party compensation method for providing legal services to a client. The method includes “providing a network of member attorneys affiliated with an asset management entity[.]” *See Specification*, page 10, lines 27-28. The method includes the step of “the member attorneys providing legal services to clients regarding respective assets owned by the clients[.]” *See Specification*, page 7, line 21 – page 8, line 17. “[T]he member attorneys [refer] clients to the affiliated asset management entity[.]” *See Specification*, page 8, lines 1-4. The method also provides that the member attorneys are “not accepting fees for referring the clients to the affiliated asset management entity[.]” *See Specification*, page 2, lines 29-31. The method further provides “the asset managing entity managing the respective assets of the clients, the asset management entity charging the clients fees for managing the assets[.]” *See Specification*, page 8, 18-21. Finally, the method also provides that “the asset management entity [compensates] each member attorney for the legal services provided by each member attorney to each of the member attorney’s clients having an asset managed by the asset management entity.” *See Specification*, page 9, 5-15.

6. Claim 67

Claim 67 is directed to a third-party compensation method for providing legal services to a client. The method includes the step of “establishing a first relationship between a client and the attorney, the attorney providing legal advice to the client concerning the clients wealth [.]” *See Specification*, page 7, line 21 – page 8, line 17. The method requires the attorney be “not accepting fees for referring the client to a wealth management entity[.]” *See Specification*, page 8, lines 1-4 and page 2, lines 29-31. The method further provides “establishing a second relationship between the client and a wealth management entity, the wealth management entity charging a fee to the client to manage the wealth of the client[.]” *See Specification*, page 8, 18-21. Finally, the method also requires “establishing a third relationship between the wealth management entity and the attorney, the attorney referring the

client to the wealth management entity and the wealth management entity compensating the attorney for legal services provided to the client[.]” *See Specification*, page 9, 5-15.

7. Claim 68

Claim 68 is directed to a system for doing business. The system includes “a first document establishing a first relationship between a client and an attorney, the first document specifying that the attorney will provide legal services to the client[.]” *See Specification*, page 7, line 21 – page 8, line 17 and page 9, lines 23-28. The system also includes “a second document establishing a second relationship between the client and an asset management entity, the second document providing for the asset management entity managing an asset of the client and charging a fee to the client for managing the asset of the client[.]” *See Specification*, page 8, 18-21 and page 9, lines 23-28. Lastly, the system includes “a third document establishing a third relationship between the asset management entity and the attorney, at least one of the first, second and third documents specifying that the asset management entity will compensate the attorney for the legal services provided to the client by the attorney pursuant to the first document from the fee charged to the client pursuant to the second document.” *See Specification*, page 9, 5-15 and page 9, lines 23-28.

8. Claim 70

Claim 70 is directed to a system for doing business comprising computer media configured to communicate information. Such information includes “information establishing a first relationship between a client and an attorney, the information specifying that the attorney will provide legal services to the client[.]” *See Specification*, page 7, line 21 – page 8, line 17 and page 9, lines 23-28. The information also includes “information establishing a second relationship between the client and an asset management entity, the second relationship including the asset management entity charging a fee to the client to manage the assets of the client[.]” *See Specification*, page 8, 18-21 and page 9, lines 23-28. The information also includes “information establishing a third relationship between the asset entity and the attorney, the third

relationship including the asset management entity compensating the attorney for providing legal services to the client pursuant to the first relationship[.]” *See Specification*, page 9, 5-28.

VI. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

The first ground of rejection to be reviewed on appeal is whether claims 68-77 were properly rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

The second ground of rejection to be reviewed on appeal is whether claims 1-3, 5, 6, 11-21 and 24-77 were properly rejected under 35 U.S.C. § 103(a) as being unpatentable over the “traditional business model” of the Applicant’s admitted prior art (‘AAPA’). (*Office Action* dated April 19, 2007, attached hereto as Exhibit B.)

VII. ARGUMENTS

I. Claims 68-77 are directed to patentable subject matter

The Examiner asserts that claims 68 and 69 are directed to non-patentable subject matter because the documents recited within the claims are nothing more than data per se and represent non-functional subject matter. *See Office Action* dated April 19, 2007, page 2. Claims 70-77 stand rejected on similar grounds. *Id.*

Applicant respectfully asserts that claims 68-77 are patentable subject matter because the claims encompass functional material. With regard to claim 68, the documents set forth therein are functional material and not data per se because the documents themselves establish a relationship between entities and this relationship is functional. The relationship that is established by the documents between the client and the attorney, for example, establishes and changes the status of the attorney with respect to the client. This status did not exist prior to the creation of the documents and, therefore, the documents are clearly functional because they have the function of creating that very relationship. Claim 69 is patentable subject matter because of its dependence on claim 68 which is patentable subject matter. Likewise, claim 70, which is directed to such documents on computer media, encompasses “documents” that are in electronic form instead of in paper form. The functional aspects of these documents are no less powerful on computer media because they still have the effect of establishing a binding relationship between, for example, the attorney and the client. Claim 70 is, therefore, patentable subject matter and as such, claims that depend from claim 70, claims 71-77, also comprise patentable subject matter. Because the content of documents set forth in claims 68-77 are functional material, the rejection of these claims under 35 U.S.C. § 101 should be reversed.

II. Claims 1-3, 5, 6, 11-21 and 24-77 are patentable over the AAPA

A. *The Subject Matter of Independent Claims 1, 37, 65, 66, 67, 68 and 70*

Claim 1 reads as follows:

1. A method of conducting transactions, comprising:
a first entity providing a first type of service to a second entity;

the first entity referring the second entity to a third entity for performing a first benefit for the second entity, the first entity not accepting fees for referring the second entity to the third entity and further not performing the first benefit for the second entity;

the third entity performing the first benefit for the second entity, the third entity accepting fees from the second entity for providing the first benefit; and

the third entity compensating the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit.

Claim 37 reads as follows:

37. A method of providing legal services to a client, comprising

enlisting at least one attorney to provide the legal services to the client;

the at least one attorney referring the client to an asset management entity, the at least one attorney not accepting fees for referring the client to the asset management entity, the asset management entity charging a fee to the client for managing the asset, and

the asset management entity compensating the attorney for the legal services provided to the client by paying the attorney a portion of the fees the asset management entity charges the client for managing the asset.

Claim 65 reads as follows:

65. A third-party compensation method for providing legal services to a client, comprising;

establishing a relationship between an attorney and the client to provide legal services to the client concerning management of an asset owned by the client;

the attorney referring the client to an asset management entity to manage the asset of the client, the attorney not accepting fees for referring the client to the asset management entity;

establishing a relationship between the client and the asset management entity, and, pursuant to the relationship, the asset management entity managing the asset owned by the client and charging a fee to the client for managing the asset;

establishing a relationship between the attorney and the asset management entity; and

pursuant to the relationship between the attorney and the asset management entity, the asset management entity compensating the attorney for legal services provided to the client regarding the asset being managed by the asset management entity, the compensation being provided from the fees the asset management entity charges the client for the management of the asset.

Claim 66 reads as follows:

66. A third-party compensation method for providing legal services to clients, comprising:

providing a network of member attorneys affiliated with an asset management entity;

the member attorneys providing legal services to clients regarding respective assets owned by the clients;

the member attorneys referring clients to the affiliated asset management entity, the member attorneys not accepting fees for referring the clients to the affiliated asset management entity;

the asset managing entity managing the respective assets of the clients, the asset management entity charging the clients fees for managing the assets; and

the asset management entity compensating each member attorney for the legal services provided by each member attorney to each of the member attorney's clients having an asset managed by the asset management entity.

Claim 67 reads as follows:

67. A third-party compensation method for providing legal fees to an attorney comprising;

establishing a first relationship between a client and the attorney, the attorney providing legal advice to the client concerning the client's wealth and not accepting fees for referring the client to a wealth management entity;

establishing a second relationship between the client and a wealth management entity, the wealth management entity charging a fee to the client to manage the wealth of the client; and

establishing a third relationship between the wealth management entity and the attorney, the attorney referring the client to the wealth management entity and the wealth management entity compensating the attorney for legal services provided to the client.

Claim 68 reads as follows:

68. A system for doing business comprising:

a first document establishing a first relationship between a client and an attorney, the first document specifying that the attorney will provide legal services to the client;

a second document establishing a second relationship between the client and an asset management entity, the second document providing for

the asset management entity managing an asset of the client and charging a fee to the client for managing the asset of the client; and

a third document establishing a third relationship between the asset management entity and the attorney, at least one of the first, second and third documents specifying that the asset management entity will compensate the attorney for the legal services provided to the client by the attorney pursuant to the first document from the fee charged to the client pursuant to the second document.

Claim 70 reads as follows:

70. A system for doing business comprising computer communications media configured to communicate:

information establishing a first relationship between a client and an attorney, the information specifying that the attorney will provide legal services to the client;

information establishing a second relationship between the client and an asset management entity, the second relationship including the asset management entity charging a fee to the client to manage the assets of the client; and

information establishing a third relationship between the asset entity and the attorney, the third relationship including the asset management entity compensating the attorney for providing legal services to the client pursuant to the first relationship.

B. The Subject Matter of the Applicant's Admitted Prior Art

The “traditional business model” of the admitted prior art discloses method for distributing legal and financial services to a client. With reference to Figure 1A, the client 100 and the attorney 110 have a relationship wherein the attorney provides legal services 115 to the client and the client pays fees 118 to the attorney for rendering these services. In the course of providing the legal services 115 to the client, the attorney makes a referral 130 to the client to retain services from a third-party service provider 120. At this point, the client 100 begins a relationship with a third-party service provider 120. In that relationship, the third-party service provider provides a service or other benefit 125 to the client for which the client pays a fee 128 to the third-party service provider. Once the referral has been made to the client, the attorney is no longer involved and does not benefit in any way from the relationship between the client 100 and the third-party service provider 120. Most clearly, the attorney is paid separately by the third-party service provider rather than by the client for the legal services rendered to the client.

C. Summary of the Rejection

The office action dated April 19, 2007 rejects claims 1-3, 5, 6, 11-21 and 24-77 as being unpatentable under 35 U.S.C. § 103(a) over the “traditional business model” of the Applicant’s admitted prior art.

With respect to claim 1, the Examiner asserts that the funds paid to the first entity comprise a referral fee. That is, the Examiner asserts that providing “funds/value from 3 to 1 in the form of a gift or a dinner or an amount of money without calling it a referral fee” is obvious. *See Office Action* dated April 19, 2007, page 4. Yet, the language of claim 1 clearly requires that “third entity [compensate] the first entity for the first type of service the first entity provides to the second entity[.]” (emphasis added). The first entity is simply being paid for rendering a service and that payment is coming from the third entity and NOT from the client as is disclosed in the AAPA. This claim limitation is not, therefore, taught or suggested by the AAPA. The Examiner appears to be relying on his subjective evaluation of the obviousness of the subject matter of claim 1 rather than what the prior art teaches to one of ordinary skill in the art.

Such reliance is misplaced, however, since the compensation provided to entity 1 by entity 3 is not a “referral fee” for at least two reasons. First, the plain language of amended claim 1 states that the compensation is for “the first type of service the first entity provides to the second.” Compensating the first entity for that service is not a “referral” fee under any definition of the word referral since it was expressly for “the first type of service” rather than for referring the second entity to the third entity. Said another way, the compensation is for the service and not for the referral. In fact, if the first entity does not perform any service to the second entity, the first entity will not receive any fee despite the existence of the referral. Second, claim 1 has been amended to claim the method action of entity 1 “referring” entity 2 to entity 3 while expressly limiting that action such that entity 1 is expressly “not accepting fees for referring the second entity to the third entity.” This limitation positively limits the act of “referring” and, therefore, limits the claim. Contrary to the position of the Examiner, there is, therefore, no “referral fee.” Without a referral fee, the knowledge of one of ordinary skill with respect to “referral fees” is not relevant for obviousness analysis.

Moreover, the Examiner has failed to establish a *prima facie* case of obviousness because the Examiner has not shown a suggestion or motivation to modify the AAPA to arrive at the *particular* solution embodied by the claims. Obviousness cannot be established by combining references “without also providing evidence of the motivating force which would impel one skilled in the art to *do what the patent applicant has done.*” See *Ex parte Levengood*, 28 USPQ2n 1300, 1302 (Bd. Pat. App. & Inter. 1993) (emphasis added). The Examiner contends that the compensation is a “referral fee” where the parties have arranged to designate the compensation as something other than a referral fee and that such is obvious in light of the illegality of referral fees. Even if this contention is true, the Examiner has not shown that the claimed invention is *itself* obvious. At most, the Examiner has shown that it would be “obvious to try” to compensate an attorney for making a referral in a manner that is not illegal due to the natural desire of persons to avoid illegal activities. Said another way, although it may be “obvious to try” to invent a method of doing business that avoids illegal actions, the Examiner has not shown that this particular solution as embodied by the claims is *itself* obvious.

Similar arguments apply to independent claims 37, 65, 66, 67, 68 and 70. In particular, claim 37 requires “the asset management entity compensating the attorney for the

legal services provided to the client.” Claim 65 requires “the asset management entity compensating the attorney for legal services provided to the client.” Claim 66 requires “the asset management entity compensating each member attorney for the legal services provided by each member attorney to each of the member attorney’s clients.” Claim 67 requires “the wealth management entity compensating the attorney for legal services provided to the client.” Claim 68 requires “the asset management entity will compensate the attorney for the legal services provided to the client.” And finally, claim 70 requires “the asset management entity compensating the attorney for providing legal services to the client.” Because the Examiner has failed to establish a *prima facie* case of obviousness with respect to claims 1, 37, 65, 66-68 and 70, these claims, and claims depending therefrom are patentable over the “traditional business model” and the obviousness rejection should be reversed.

VIII. CLAIMS APPENDIX

The text of the claims involved in the appeal are:

1. A method of conducting transactions, comprising:

a first entity providing a first type of service to a second entity;

the first entity referring the second entity to a third entity for performing a first benefit for the second entity, the first entity not accepting fees for referring the second entity to the third entity and further not performing the first benefit for the second entity;

the third entity performing the first benefit for the second entity, the third entity accepting fees from the second entity for providing the first benefit; and

the third entity compensating the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit.

2. The method of claim 1 wherein the first benefit comprises a second type of service performed by the third entity for the second entity.

3. The method of claim 2 wherein the first entity comprises an attorney, the second entity comprises a client, and the first type of service comprises legal services.

4. (Cancelled)

5. The method of claim 3 wherein the third entity comprises an asset manager, the second type of service comprises managing assets owned by the second entity, and the legal services comprise counseling the client regarding the assets managed by the asset manager.

6. The method of claim 3 wherein the legal services comprise a wealth or estate planning service.

7-10. (Cancelled)

11. The method of claim 2 wherein the second type of service comprises an asset management service managing assets owned by the second entity.

12. The method of claim 2 wherein the second type of service comprises a banking service managing an account for the second entity.

13. The method of claim 2 wherein the second type of service comprises a securities brokerage service for investments owned by the second entity.

14. The method of claim 2 wherein the second type of service includes management of a fiduciary instrument and the third entity is a fiduciary or agent of the fiduciary and the second entity is the grantor or beneficiary of the fiduciary instrument.

15. The method of claim 14 wherein the fiduciary instrument comprises a trust.

16. The method of claim 14 wherein the fiduciary instrument comprises a conservatorship.

17. The method of claim 14 wherein the fiduciary instrument comprises an executorship.

18. The method of claim 2 wherein the second type of service comprises insurance brokering services for an insurance policy involving the second entity.

19. The method of claim 2 wherein the second type of service comprises a real estate brokering service for real estate owned by the second entity.

20. The method of claim 2 wherein the second type of service comprises a personal property brokering service for personal property owned by the second entity.

21. The method of claim 2 wherein the second type of service comprises a property management service for a lease on real or personal property owned by the second entity.

22-23. (Cancelled)

24. The method of claim 1 wherein the first type of service is provided to the second entity on a periodic basis and the first entity is compensated on a periodic basis over a period of time that the benefit is being provided by the third entity.

25. The method of claim 1 wherein the first entity is compensated as a proportion of the value of the benefit provided to the second entity by the third entity.

26. The method of claim 1 wherein the first entity is compensated from fees charged by the third entity for providing the benefit over a period of time.

27. The method of claim 1 wherein the first entity is selected by the second entity, and the method further comprises the third entity referring the first entity to the second entity.

28. The method of claim 1, further comprising the third entity providing a membership affiliation with a plurality of first entity members, each first entity member referring at least one of the second entities to the third entity.

29. The method of claim 28 wherein the membership affiliation comprises an agreement between the first entity and the third entity, the agreement providing that the first entity is required to provide a defined amount of the first type of services for the second entity over a defined period of time.

30. The method of claim 28, further comprising the third entity providing an affiliated first entity member with instructional materials regarding the benefit provided by the third entity.

31. The method of claim 28 further comprising the third entity providing an affiliated first entity with instructional materials regarding the first type of services provided by the first entity.

32. The method of claim 28, further comprising the third entity providing the first entity member with secure access to an account that includes periodically updated information concerning the benefit provided by the third entity to each second entity that the first entity refers to the third entity.

33. The method of claim 28, further comprising the third referring prospective second entities seeking the first type of service to affiliated first entities.

34. The method of claim 28 wherein the membership affiliation is provided over a computer network.

35. The method of claim 32 wherein the computer network comprises the Internet.

36. The method of claim 28 wherein the affiliation of each first entity member is conditioned on there being at least one second entity to which the first entity has provided or will provide the first type of service with respect to the benefit provided by the third entity, the benefit provided by the third entity being conditioned on the second entity receiving the first type of services from the first entity.

37. A method of providing legal services to a client, comprising enlisting at least one attorney to provide the legal services to the client;

the at least one attorney referring the client to an asset management entity, the at least one attorney not accepting fees for referring the client to the asset management entity, the asset management entity charging a fee to the client for managing the asset, and

the asset management entity compensating the attorney for the legal services provided to the client by paying the attorney a portion of the fees the asset management entity charges the client for managing the asset.

38. The method of claim 37 wherein the legal services comprise estate planning services.

39. The method of claim 37 wherein the asset management entity provides a banking service for managing a financial investment owned by the client.

40. The method of claim 37 wherein the asset management entity provides a securities brokerage service for securities investment owned by the client.

41. The method of claim 37 wherein the asset management entity provides a banking service for an account owned by the client and managed by the banking service.

42. The method of claim 37 wherein the asset management entity manages a fiduciary instrument as a fiduciary or agent of a fiduciary and the client is a grantor or beneficiary of the fiduciary instrument.

43. The method of claim 42 wherein the fiduciary instrument comprises a trust instrument.

44. The method of claim 42 wherein the fiduciary instrument comprises a conservatorship instrument.

45. The method of claim 42 wherein the fiduciary instrument comprises an executorship.

46. The method of claim 37 wherein the asset management entity provides insurance services for an insurance policy involving the client.

47. The method of claim 37 wherein the asset management entity provides a real estate management service for real estate owned by the client.

48. The method of claim 37 wherein the asset management entity provides personal property management services for personal property owned by the client.

49. The method of claim 37 wherein the asset management entity provides property management service for real or personal property owned by the client.

50. The method of claim 37 wherein the compensation paid to the attorney includes compensation for legal services provided to the client prior to referring the client to the asset management entity.

51. The method of claim 37 wherein the legal services are provided to the client on a periodic basis and the attorney is compensated on a periodic basis over a period of time that the asset is managed by the asset management entity.

52. The method of claim 37 wherein the attorney is compensated by the asset management entity in proportion to the value of the asset being managed by the asset management entity.

53. The method of claim 37 wherein the attorney is compensated from fees charged by the asset management entity for managing the asset over a period of time.

54. The method of claim 37 wherein the attorney is selected by the client, and the asset management entity is referred to the client by the attorney.

55. The method of claim 37 wherein the asset management entity provides a membership affiliation with a plurality of member attorneys, each member attorney referring the services of the asset management entity to at least one client.

56. The method of claim 55 wherein the membership affiliation includes an agreement between the attorney and the asset management entity, the agreement providing that the attorney is required to provide a defined amount of legal services to the client over a defined period of time.

57. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with instructional materials regarding the services available from the asset management entity.

58. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with instructional materials regarding the legal services provided being provided to the client.

59. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with secure access to an account that includes periodically updated information concerning the asset managed by the asset management entity to each client that the attorney refers to the asset management entity.

60. The method of claim 55, further comprising the asset management entity referring prospective clients to a member attorney to provide legal services regarding the asset managed by the asset managing entity.

61. The method of claim 55 wherein the membership affiliation is provided over a computer network.

62. The method of claim 61 wherein the computer network comprises the Internet.

63. The method of claim 55 wherein the affiliation of each attorney member is conditioned on there being at least one client of the member attorney member with an asset being managed by the asset management entity, and wherein management of the asset by the asset management entity is conditioned on the client receiving legal services by an affiliated member attorney.

64. The method of claim 63, further comprising transferring the asset of the client under management by the asset management entity to another entity selected by the client if the

client ceases to receive legal services from the member attorney or the member attorney ceases to be affiliated with the asset management entity.

65. A third-party compensation method for providing legal services to a client, comprising;

establishing a relationship between an attorney and the client to provide legal services to the client concerning management of an asset owned by the client;

the attorney referring the client to an asset management entity to manage the asset of the client, the attorney not accepting fees for referring the client to the asset management entity;

establishing a relationship between the client and the asset management entity, and, pursuant to the relationship, the asset management entity managing the asset owned by the client and charging a fee to the client for managing the asset;

establishing a relationship between the attorney and the asset management entity; and

pursuant to the relationship between the attorney and the asset management entity, the asset management entity compensating the attorney for legal services provided to the client regarding the asset being managed by the asset management entity, the compensation being provided from the fees the asset management entity charges the client for the management of the asset.

66. A third-party compensation method for providing legal services to clients, comprising;

providing a network of member attorneys affiliated with an asset management entity;

the member attorneys providing legal services to clients regarding respective assets owned by the clients;

the member attorneys referring clients to the affiliated asset management entity, the member attorneys not accepting fees for referring the clients to the affiliated asset management entity;

the asset managing entity managing the respective assets of the clients, the asset management entity charging the clients fees for managing the assets; and

the asset management entity compensating each member attorney for the legal services provided by each member attorney to each of the member attorney's clients having an asset managed by the asset management entity.

67. A third-party compensation method for providing legal fees to an attorney comprising;

establishing a first relationship between a client and the attorney, the attorney providing legal advice to the client concerning the clients wealth and not accepting fees for referring the client to a wealth management entity;

establishing a second relationship between the client and a wealth management entity, the wealth management entity charging a fee to the client to manage the wealth of the client; and

establishing a third relationship between the wealth management entity and the attorney, the attorney referring the client to the wealth management entity and the wealth management entity compensating the attorney for legal services provided to the client.

68. A system for doing business comprising:

a first document establishing a first relationship between a client and an attorney, the first document specifying that the attorney will provide legal services to the client;

a second document establishing a second relationship between the client and an asset management entity, the second document providing for the asset management entity managing an asset of the client and charging a fee to the client for managing the asset of the client; and

a third document establishing a third relationship between the asset management entity and the attorney, at least one of the first, second and third documents specifying that the asset management entity will compensate the attorney for the legal services provided to the client by the attorney pursuant to the first document from the fee charged to the client pursuant to the second document.

69. The system of claim 68, wherein the third document provides for the referral by the attorney of clients to a asset management entity.

70. A system for doing business comprising computer communications media configured to communicate:

information establishing a first relationship between a client and an attorney, the information specifying that the attorney will provide legal services to the client;

information establishing a second relationship between the client and an asset management entity, the second relationship including the asset management entity charging a fee to the client to manage the assets of the client; and

information establishing a third relationship between the asset entity and the attorney, the third relationship including the asset management entity compensating the attorney for providing legal services to the client pursuant to the first relationship.

71. The system of claim 70 wherein the third relationship further includes the attorney referring clients to the asset management entity.

72. The system of claim 70 wherein the computer communications media is further configured to provide information identifying a set of member attorneys having established the

third relationship with asset management entity and information identifying a corresponding set of clients having established the second relationship with the asset management entity.

73. The system of claim 70 wherein the computer communications media is further configured to provide secure account information regarding an asset being managed by the asset management entity for the client, the secure account information being accessible to the client, the asset management entity and the attorney providing legal services for the client.

74. The system of claim 70 wherein the computer communications media configured is further configured to provide information to the client and to the attorney concerning services offered by the asset management entity for managing the asset of the client.

75. The system of claim 70 wherein the computer communications media is further configured to provide selected information to the attorney, the selected information including instructional materials to aid the attorney in providing legal services for the client.

76. The system of claim 70 wherein the computer communications media transmits information over a computer network.

77. The system of claim 76 wherein the computer network comprises the Internet.

IX. EVIDENCE APPENDIX

1. Specification, filed May 14, 2001 attached hereto as Exhibit A.
3. Office Action dated April 19, 2007 attached hereto as Exhibit B.

X. RELATED PROCEEDINGS APPENDIX

None.

XI. CONCLUSION

For all of the reasons stated above, the rejection of claims 1-3, 5, 6, 11-21, and 24-77 should be reversed.

Respectfully submitted,

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CAH:

Enclosures:

- Postcard
- Check
- Fee Transmittal (+ copy)
- Appeal Brief Transmittal (+copy)
- Exhibits A & B

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THIRD PARTY PAYOR METHOD AND SYSTEM FOR DISTRIBUTING FINANCIAL BENEFITS

CROSS REFERENCE TO RELATED APPLICATIONS

This application claims the benefit of U.S. provisional application number 60/203,730, filed May 12, 2000, which is incorporated herein by reference.

TECHNICAL FIELD

This invention relates generally to the field of business methods and more particularly to methods of providing a benefit from a benefit provider, such as an asset management entity, to an entity such as a client, while also providing a service to the client, such as a legal service, from a separate service provider, where the service provider is compensated by the benefit provider under a third-party payor method that complies with the ethical and statutory rules governing the conduct of the service provider.

BACKGROUND OF THE INVENTION

Benefit management is an important component to successful maintenance and transmission of wealth, especially wealth accumulated by individuals. A benefit includes anything of value, such as an asset or investment that is provided to a person (or designee of the person) for which the person is willing to pay a fee to obtain or manage. Wealth is typically managed by being distributed into a variety of benefits with the help of the services provided by one or more professional entities. A person that uses such services becomes a client of each entity providing a service. Clients traditionally have relied on legal services provided by attorneys to help implement a wealth management or estate planning plan. The attorney's service to the client is a counseling relationship that takes into consideration the client's personal goals, the tax consequences and inter relationship between various investments and instruments viewed in light of a variety of legal issues that can affect realization of the individual's goal. Attorneys usually become trusted advisers of their clients because unlike other service professionals, an attorney is privy to a multitude of personal confidences of the client. In providing wealth planning services, the attorney might refer the client to the

services of benefit providers, such as accountants or asset managers, who are authorized to render services related to financial matters, or to other benefit providers such as a securities broker, a banking institution or other entity authorized to provide specific types of financial vehicles related to specific classes of benefits. Typically, these other
5 entities are not able to provide (or are prevented by governmental rules from providing) advice that is strictly legal in nature. Moreover, certain instruments for conveying assets, such as wills, trusts and estates, are legal in nature, and cannot be prepared by the benefit provider although such instruments may include benefits that are managed by the same.

10 The traditional business model for distributing benefits and legal services to a client may be designated the independent referral model, which is illustrated in Figure 1A. A client 100 establishes a relationship with an attorney 110 who provides legal services 115 to the client in return for a fee 118. In the case of wealth management services, the attorney 110 would typically recommend that the client 100 retain an
15 entity to provide a benefit, such as asset management, 125 and would often make specific referrals 130 to use the services of a particular benefit provider/asset manager 120. The client 100 would then establish an independent relationship with the benefit provider 120 whose services include, for example, providing and/or managing an asset 125 for the client, so that the client 100 receives a benefit 126 resulting from the
20 management. The benefit provider 120 performs these services in return for another fee 128. Typically, fees 128 charged by the benefit provider are paid by the client on a periodic basis, for example, monthly, quarterly or annually, with the amount of the fee often being proportionate to the value of the benefit provided or asset managed. Thus,
25 the benefit provider 120 obtains an ongoing revenue stream from the client 100 based on the value of the benefit or asset for as long as the benefit or asset is managed by the benefit provider 120.

 In contrast, the attorney 110, who is often principally responsible for designing the overall wealth planning plan for the client 100, might only receive the initial fee 118 for rendering the initial planning services 115. The rules governing the conduct of
30 attorneys in most jurisdictions prevent attorneys from receiving fees from the benefit provider 120 or from the client 100 for making the referral. Accordingly, the benefit provider 120 receives a continuous, and potentially large revenue stream 128 that

originated from the expertise in wealth planning initially provided by the attorney 110 as well as the benefit of the referral by the attorney. In addition, the client 100 is required to pay two separate fees (118 and 128) to obtain the legal services 115 of the attorney 110 and the benefit 125 from the benefit provider 120. Therefore, in this 5 referral model, the role played by the attorney 110 provides a long-term financial benefit to both to the client 100 and the benefit provider 120. Although the client 100 pays the fee 118 for this service 115, the benefit provider 120 receives the benefit of the referral 130 from the attorney 110 free-of-charge.

A second model for providing a benefit to a client 100 using the expertise of an 10 attorney 110 is the attorney-employee model currently practiced by several accounting and brokerage firms, which is illustrated in Figure 1B. In this model, the benefit provider 120 hires attorney-employees 123 to provide similar services 113 to the client 100 as the services 115 provided by an independent attorney 110 in designing a plan to manage the client's wealth. The attorney serving in this capacity is a representative of 15 the benefit provider and not the client. In using the services 113 of the employee attorney 123, the client 100 loses the benefit of having an independent counselor. Also, the attorney-employee model shown in Figure 1B produces competition between the benefit provider 120 and independent attorneys 110, particularly in the field of wealth planning services. Yet it may be in the best interest of the client 100 for the attorney 20 110 to refer the client 100 to the benefit provider 120. In addition, the accounting firm or other benefit provider 120 charges fees for both planning services for and providing or managing the client's benefits , which the independent attorney is prevented from doing when the management of benefits or assets is provided by another party. This makes it difficult for independent attorneys to be compensated on par with those that 25 provide essentially identical services but who are not under an obligation that prevents them from accepting fees for providing the dual services of planning and management.

A third model designed to bring the professional services of a benefit provider 120 and an attorney 147 into one business is the Multi-Disciplinary Practice (MDP) 140, which is illustrated in Figure 1C. The MDP 140 is a partnership, corporation, or 30 other legal entity formed between a benefit provider 120, an attorney 147 or group of attorneys, or other professionals such as accountants 150. The client 100 can ostensibly obtain a suite of professional services from each of the separate disciplines associated

- with the MDP 140 in exchange for a fee 145 that includes the separate fees 144 from each service provided. Each of the professional services provided by the MDP 140 is governed by the ethical and statutory requirements for that discipline. The potential attraction of the MDP 140 is that any one service provider 147, 120 or 150 operating
- 5 within the MDP 140 may refer clients to another service provider within the MDP 140 while the overall profits of the MDP 140 are shared between various disciplines. The MDP model, however, has numerous problems that make it impractical and/or otherwise undesirable. Currently, few jurisdictions permit attorneys to form business partnerships with non-attorneys, so MDPs 140 cannot be formed in many places.
- 10 Where such practices can be formed, they face strict structural and regulatory rules that increase liability and the cost of providing services. Also, to be competitive, MDPs require a certain "critical mass" of professional service providers to form the entity. Obtaining such a critical mass is impractical for smaller law firms, banks and accounting firms that serve many communities in the United States.
- 15 A fourth model for distributing legal services and benefits to clients is the multiply-licensed professional model, which is illustrated in Figure 1D. This model include a multiply-licensed professional 160 who is a professional licensed to practice in one discipline that also obtains a separate license to practice in a different discipline. For example, an attorney may obtain a real estate license, a securities broker's license,
- 20 an insurance license or the like. Each professional service is independent of the other services although a single person is licensed to practice in each discipline. The multiply-licensed professional 150 is separately subject to the ethical rules governing each discipline. These ethical rules may at times conflict. They also might require the multiply-licensed professional 150 to create two or more separate entities and may
- 25 prohibit sharing space, advertising costs or administrative personnel between entities. It is often more desirable for an attorney to close his or her legal practice altogether rather than risk violating the ethical rules of professional conduct when operating under separate professional licenses. Again, this model is not desirable to many attorneys that prefer to continue the practice of law.
- 30 Each of the foregoing business models may fail to provide satisfactory results for a large number of clients and attorneys. Clients may not have the ability to use their existing attorney as a counselor to manage the client's benefits without having to pay

additional fees. There maybe little or no oversight of the benefits being managed by the benefit provider when there is no independent attorney overseeing the benefits under management. In addition, many attorneys, especially those that are skilled in wealth planning services are faced with the “if you can’t beat them join them” dilemma of having to give up their existing legal practices and enroll with a benefit provider if the attorney cannot compete economically with other benefit providers providing similar wealth planning services. A new business model is needed to overcome these problems.

BRIEF SUMMARY OF THE INVENTION

- 10 There is a need in the art to provide a method that allows attorneys (or other professional entity under an obligation to not accept fees for referral services) to continue to provide services related to a benefit provided to their clients, and to be compensated for those services while the actual provision or management of the benefit is referred to another entity.
- 15 Provided herein are methods and systems to provide a benefit to a client under third party payor compensation system where the client uses at least two types of services to obtain a benefit and pays a single fee for the distinct types of services in compliance with an ethical rule, license requirement or governmental statute governing the conduct of the entity being compensated by the third party. In one embodiment, the
- 20 method includes establishing a first relationship between a client and an attorney, the attorney providing legal services to the client concerning the client’s benefits and being under an obligation to not accept fees for referring the client to a benefit provider. A second relationship is established between the client and a benefit provider, the benefit provider charging a fee to the client to manage the assets of the client. A third
- 25 relationship is established between the benefit provider and the attorney, the attorney referring the client to the benefit provider and the benefit provider compensating the attorney for legal services provided to the client, the compensation received by the attorney being in compliance with rules governing the ethics of the practice of law. In preferred embodiments, the benefit is an asset or asset management service and the
- 30 benefit provider is a bank, trust company, broker or other financial services entity.

The method is generally applicable to providing services and benefits to any entity seeking a service and a benefit and is applicable to service provider entities other than attorneys, and to benefits other than asset management. In a more general embodiment, the method includes a first entity providing a first type of service to a second entity, the first entity being able to accept fees for the first type of service but under an obligation not to accept fees for providing a first benefit to the second entity and/or for making a referral to a third entity that provides the first benefit to the second entity. The second entity may be a client, customer or other entity seeking services and benefits. The first entity may be any entity that provides the first type of service. The third entity may be any entity that provides the first benefit sought by the second entity. The method also includes a third entity providing the first benefit for the second entity, the third entity being able to accept fees from the second entity for providing the first benefit. The method still further includes providing a third entity that compensates the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit. In certain embodiments, the first entity may refer the second entity to the third entity. In yet other embodiments, the third entity may refer the first entity to the second entity. In any case, the third party payor system establishes a set of relationships between the entities, the services and the benefits provided in a manner that complies with the ethical obligations of the entities being compensated.

Also provided are document and electronically based systems for establishing the relationships necessary to provide the third-party payor method and for distributing the benefits and services. These and other embodiments of the invention may be more fully understood by reference the following detailed description.

25

BRIEF DESCRIPTION OF THE DRAWINGS

Figure 1A is a schematic diagram that illustrates an independent referral method of the prior art for providing benefits and legal services to a client.

Figure 1B is a schematic diagram that illustrates an attorney-employee method 30 of the prior art.

Figure 1C is a schematic diagram that illustrates a Multi-Disciplinary-Practice method of the prior art.

Figure 1D is a schematic diagram that illustrates a multiply-licensed professional method of the prior art.

5 Figure 2 is a schematic diagram that illustrates one embodiment of a third party compensation method provided herein.

Figure 3 is a schematic diagram that illustrates a computer based embodiment of the method of the present invention.

DETAILED DESCRIPTION OF THE INVENTION

10 As mentioned in the foregoing summary, the methods and systems provided herein are applicable to a variety of relationships between a client, a first entity that provides a first service for the client, and a third-party entity that provides or manages a benefit of the client. To better aid in understanding the invention, the following detailed description is made with reference to embodiments where first entity providing
15 the first service is an attorney providing a legal services, particularly wealth planning services (e.g. estate planning), and the third-party entity, the benefit provider, is a banking entity that provides investment vehicles and related advisory services for managing the assets of a client. However, it will be understood that this embodiment is for example purposes only, and that the method and systems provided herein can be
20 applied to a wide variety of three party relationships.

Figure 2 illustrates various features of this embodiment. One or more clients 200 enter into a relationship A with an attorney 210. The attorney client relationship A is an independent relationship between the client 200 and the attorney 210. The client 200 selects the attorney 210 to provide legal advice and usually has a preexisting
25 relationship with he attorney 210. This relationship involves a two-way exchange of information concerning the client's personal and financial needs and legal services to aid in fulfilling those needs. In a preferred practice, the legal services provided by the attorney 210 relate to managing the client's wealth in an estate planning practice. As part of the service, the attorney 210 makes recommendations, reviews documents,
30 prepares legal instruments and otherwise devises a plan to fulfill the particular needs of the client 200.

This first relationship between the attorney 210 and client 200 includes an engagement agreement that comports with the ethical rules governing attorney conduct, including a disclosure that the attorney 210 may recommend a particular benefit provider 220 to manage benefits on behalf of the client 200. A form of the engagement
5 agreement may be provided as a document from the benefit provider 220. The engagement agreement discloses that the attorney 210 will provide ongoing counseling to the client 200 regarding the management of those client's benefits and that the fees for those ongoing services performed by the attorney 210 will be paid from the benefit provider 220 under a defined schedule. The agreement specifies that the services
10 provided by the attorney 210 will remain confidential between the attorney 210 and the client 200, unless disclosure is consented to by the client 200. The attorney 210 retains a duty of loyalty to the client 200 as required by the ethical rules governing the conduct of the attorneys. This includes the duty to represent the client's interest where it may depart from the interest of the benefit provider 220. If the client 200 elects to use the
15 benefit provider 220 recommended by the attorney 210, the engagement agreement between the attorney 210 and client is filed with the benefit provider 220 to document that the first relationship has been established.

The second relationship B is established between the client 200 and the benefit provider 220 where information and services for managing the benefits provided to the
20 client 200 are exchanged between these parties in return for a fee to be paid to the benefit provider 220. The type of benefits to be managed by the benefit provider 220 preferably includes those recommended by the attorney 210, but may include other benefits independently recommended by the benefit provider 220 in light of the plan devised between the attorney 210 and the client 200. For example, the attorney 210
25 might generally recommend benefits such as a trust fund, securities investment, a real estate investment, a cash asset account and the like. The benefit provider 220 in turn, might recommend a particular distribution of financial products into which to invest the funds of the trust, and/or recommends particular securities or mutual funds that comport with the plan. The client 200 may further consult with attorney 210 regarding the
30 recommendations of the benefit provider 220. If the client 200 elects use the services of the benefit provider 220 these parties review, execute and file an account agreement with the benefit provider 220. The account agreement documents that the second

relationship has been established and an account is provided for the client 200 by the benefit provider 220 to manage the benefits to be provided. The client 200 and/or the benefit provider 220 notifies the attorney 210 that the second relationship has been established.

5 A third relationship C is then established between the benefit provider 220 and the attorney 210. This relationship includes a participation agreement that is produced, reviewed and executed between the attorney 210 and the benefit provider 220. This agreement typically provides that the attorney 210 will perform a minimum set of legal services to independently advise the client 200 about the benefits being managed by the
10 benefit provider 220. The agreement also includes a compensation plan specifying that the attorney 210 will be compensated for the legal services provided to the client 200 under the terms of the engagement agreement between the client 200 and the attorney 210, the compensation for such services being provided from the fees charged to the client 200 by the benefit provider 220. The participation agreement documents that the
15 third relationship has been established.

 The benefit provider 220 preferably provides the attorney 210 with access to the client's benefit account to allow the attorney 210 to oversee the performance of the account and to properly advise the client 200. The benefit provider 220 may also provide the attorney 210 with information concerning the benefit management services
20 available from the benefit provider 220. In addition, the benefit provider 220 may also provide the attorney 210 with proprietary information or other instructional materials related to serving the legal needs of clients 200.

 It will be understood that the relationship between the attorney 210 and benefit provider 220 may differ from that described above. In the embodiment shown in Figure
25 2, the relationships A, B and C between the client 200, attorney 210, and benefit provider 220 are established and maintained through the creation of documents and exchange of information through communication channels 225 such as telephone, facsimile, in-person meetings and mail. In a preferred embodiment, the relationships A, B, C are established through electronic communication channels utilizing computer
30 communication medium. Figure 3 illustrates this embodiment for providing benefits to a client 200 using the third party payor system. This embodiment, like the embodiment described in Figure 2 is based on establishing three independent relationships, i.e.,

- between the client 200 and attorney 210, the client 200 and benefit provider 220, and the attorney 210 and the benefit provider 220. This embodiment is implemented by providing the necessary information for establishing the relationships on computer readable medium, preferably over a network such as the Internet or World Wide Web.
- 5 In one practice of this embodiment, rather than providing hard-copy documents for establishing the relationships, the relationships are established by electronic communication. In a typical practice, an application service provider (ASP) provides the information on computer readable medium via a server computer. The client 200, the benefit provider 220 and the attorney 210 each communicate information by a carrier wave from local computers distributed at various places to one or more server computers.
- 10 In certain embodiments, the computer communication medium includes computer readable medium configured to provide information identifying the set of member attorneys that have established the third relationship with benefit provider 220.
- 15 This information may be stored for example, in the form of a database that also includes information identifying the corresponding set of clients for each member attorney 210 that has established a relationship with the benefit provider 220. In still other embodiments the computer communications medium is further configured to provide secure account information regarding the client's account being managed by the benefit provider 220 for the client 200. In this practice, the account information is accessible to the client 200, the benefit provider 220 and the attorney 210. In addition, the ASP embodiments may further provide information to the client 200 and to the attorney 210 concerning services offered by the benefit provider 220 for managing the benefit of the client 200. Also, the ASP may transmit certain selected information to the attorney 210
- 20 such as, for example, instructional materials to aid the attorney 210 in providing legal services for the client 200.

The third party compensation method provided herein provides for the affiliation of a plurality of member attorneys 210 with a benefit provider 220. This membership of attorneys provides a network to distribute benefits provided by the benefit provider 220. An attorney becomes an affiliated member only if the attorney refers the service of the benefit provider 220 to at least one client 200 and the client 200 accepts the service provided. By becoming an affiliated member, the attorney 210 is

“enlisted” as part of a network of independent attorneys, each referring the benefit provider 220 to a client 200 and thereby distributing the benefits provided by the benefit provider 220. Because the network of member attorneys may be established using computer communications media provided over the Internet, a large benefit distribution system can be provided at a lower cost than the typical attorney-employee method or MDP method of the prior art. The benefit provider 220 can accordingly charge competitive fees for providing or managing the benefit while at the same time being able to compensate the member attorneys 210s for legal services provided to their clients.

The agreement between the attorney 210 and the benefit provider 220 may require that the attorney 210 provide a defined amount or type of legal services to the client 200 over a defined period of time. Typically, the defined amount of services is expressed in units of time while the defined type of services is expressed as typical attorney functions, for example reviewing the benefits under management by the benefit provider 220 in light of any changes in the client’s goals, reviewing tax consequences and the like. While the amount or type of services may be specified, it remains in the sole discretion of the attorney 210 to determine the form and content of any service provided to the client 200. In any case, the attorney 210 is compensated only for providing legal services. The compensation is provided on a periodic basis, for example, annually or biannually. The compensation may include payment for the initial services, such as wealth planning services rendered to the client 200 prior to the client 200 having established a relationship with the benefit provider 220. Preferably, before any compensation is paid to the attorney 210, the attorney 210 submits a document certifying to the benefit provider 220 that legal services have been provided to the client 200 according to the engagement agreement. The client 200 also submits a document to the benefit provider 220 confirming that the attorney’s certification is correct.

In certain embodiments, the fee charged by the benefit provider 220 for managing the client’s benefits may be proportionate to the value of the benefit. In other embodiments the fee charged by the benefit provider 220 may be a fixed amount. In a preferred practice, the benefit provider 220 charges a fee that is competitive with the fees charged by other benefit providers 220. A fee of 2% per annum or less of value of the assets under management would be competitive in most situations. In one

embodiment, a fee of 1.95% per annum is charged by the benefit provider 220. In another embodiment, where the benefits under management are of a high value, a lower rate may be negotiated between the client 200 and the benefit provider 220. In such circumstance, one of the services provided by the attorney 210 under the engagement 5 agreement with the client 200 may be to negotiate with the benefit provider 220 to offer a lower fee to the client 200. This presents no conflict of interests so long as the compensation fee paid to the attorney 210 is not changed because that compensation has been previously authorized by the client 200 in the engagement agreement. In most embodiments, the fees will be paid to the attorney 210 from earnings on the benefit 10 being managed, especially when the benefit is an investment. In other embodiments, the fees may be billed and paid apart from the earnings on the asset.

To reduce the likelihood of conflicts of interest that might arise if the relationship A between the attorney 210 and the client 200, or the relationship B between the client 200 and the benefit provider 220 should deteriorate, the third party 15 payor method provided herein may be made contingent on maintaining these relationships. In this practice, the affiliation of each attorney member 210 with the benefit provider 220 is conditioned on there being at least one client 200 of the member attorney 210 with a benefit being managed by the benefit provider 220. In addition, continued management of a benefit by the benefit provider 220 is conditioned on the 20 client 200 receiving legal services by an affiliated member attorney 210. If the attorney 210 should withdraw from providing services to the client 200 then the client 200 is required to transfer benefits being managed by the benefit provider 220 to another benefit provider selected by the client 200. Similarly, if the client 200 should withdraw all accounts being managed by the benefit provider 220, then the membership of the 25 affiliated attorney 210 with the benefit provider 220 is also terminated with respect to that client 200. These features help ensure that the attorney 210 will not be compensated if the client 200 dissolves the relationship with the attorney 210 and that the client 200 is always represented by an attorney 210 with respect the benefits being managed.

30 In the method and systems described herein, the client 200 may retain an attorney 210 originally selected by the client 200 who is familiar with the client's overall personal and legal needs. The client 200 need not rely on the counsel of an

attorney employee of the benefits provider who's loyalties lie with the benefits provider. The client 200 preferably receives periodic counseling from the attorney 210 and does not incur additional fees when his or her own attorney 210 reviews the performance of the benefits provided from the benefits provider. The attorney 210
5 maintains his or her independence as client advisor and receives ongoing compensation for the legal services provided to the client 200 in compliance with the ethical rules governing attorneys. The benefit provider 220 obtains a method for distributing its benefits through a body of affiliated member attorneys 210 who can provide the wealth management expertise needed to adequately advise the clients. The independent body
10 of attorneys are willing to recommend the benefit provider 220 to their own clients knowing that as attorneys, they will be able to provide ongoing oversight on behalf of their client's potentially changing goals and receive a reasonable fee for doing the same.

The third party compensation method provided herein is analogous to the role of a liability insurance company that serves as the third party payor to an attorney who
15 represents the interest of the client in a matter covered by the terms of the insurance policy. In both cases the third party payor relationship comports with ethical rules because the services provided by the attorney 210 to the client are not put at risk by the third-party payor. However, the method provided herein differs from insurance in several respects. One difference is that in the present method, the client 200 receives
20 periodic legal services without any triggering event. In contrast, services paid by insurers are not provided unless a triggering event occurs within the terms of the insurance policy. Another difference is that the legal services in the present method help manage a benefit of a client 200 rather than avoid (or minimize) a liability. In this respect, the third-party payor of the present invention has interests that are aligned with
25 those of the client rather than being adverse thereto.

From the foregoing it will be appreciated that, although specific embodiments of the invention have been described herein for purposes of illustration, various modifications may be made without deviating from the spirit and scope of the invention. More specifically, although the embodiments described above have been
30 described in the context of an attorney rendering legal services to a client and being compensated for those services by an entity who manages the benefit of the client, other arrangements are possible within the scope of the invention. The first type of service

may be any type of service provided by any entity able to provide that service. Examples include, but are not limited to, professional counseling or advising services such as business management services, investment services, accounting services, medical services, psychological services and the like. Still other types of services 5 include employment services, architectural services, contractor services, repair services and the like. Example benefits include financial assets such as securities investments, mutual funds, various forms of banking accounts, real estate investments, cash accounts, insurance policies and the like. These may be included in fiduciary accounts, such as trusts, conservatorships and executorships. When the benefit involves a 10 fiduciary account, the client may be the trustee of the account and the benefit provider may manage the account as an agent of the trustee. Alternatively, the benefit provider may be the fiduciary, i.e. the trustee, conservator, or executor of a fiduciary account where the client is the grantor. In still another embodiment, the client may be the beneficiary of a fiduciary account granted by another but managed by a benefit provider 15 who serves as the trustee, conservator, executor or agent of the account. Still other benefits include interests in personal property, for example, investments in art or other collectible items. Other property benefits include leases on real or personal property, for example a building lease or lease on a vehicle such as boat, plane or automobile. Example entities providing such benefits include trust companies, securities brokers, 20 mutual fund companies, accounting firms, as well as a entities such as real estate brokers, real property management firms, insurance companies and personal property dealerships. Accordingly, the invention is not limited except as by the following claims.

WHAT IS CLAIMED IS:

1. A method of conducting transactions, comprising:
 - a first entity providing a first type of service to a second entity, the first entity being able to accept fees for the first type of service but under an obligation not to accept fees for providing a first benefit to the second entity and/or making a referral to a third entity that provides the first benefit to the second entity;
 - the third entity performing the first benefit for the second entity, the third entity being able to accept fees from the second entity for providing the first benefit; and
 - the third entity compensating the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit.
2. The method of claim 1 wherein the first benefit comprises a second type of service performed by the third entity for the second entity.
3. The method of claim 2 wherein the first entity comprises an attorney, the second entity comprises a client, and the first type of service comprises legal services.
4. The method of claim 3 wherein the obligation not to accept fees for providing the first benefit and/or making a referral to a third entity that provides the first benefit comprises an ethical rule, license requirement or statute governing the conduct of attorneys.
5. The method of claim 3 wherein the third entity comprises an asset manager, the second type of service comprises managing assets owned by the first entity, and the legal services comprise counseling the client regarding the assets managed by the asset manager.
6. The method of claim 3 wherein the legal services comprise a wealth or estate planning service.

7. The method of claim 1 wherein the first type of service comprises an accounting service, the first entity comprises a licensed accountant, and the obligation not to accept fees for providing a first benefit to the second entity comprises an ethical rule, license requirement or statute governing the conduct of accountants.

8. The method of claim 7 wherein the accounting service comprises asset managing services.

9. The method of claim 1 wherein the first type of service comprises an investment advisor service, the first entity comprises a licensed investment advisor, and the obligation not to accept fees for providing a first benefit to the second entity comprises an ethical rule, license requirement or statute governing the conduct of investment advisors.

10. The method of claim 9 wherein the investment advisor service comprises asset managing services.

11. The method of claim 2 wherein the second type of service comprises an asset management service managing assets owned by the third entity.

12. The method of claim 2 wherein the second type of service comprises a banking service managing an account for the third entity.

13. The method of claim 2 wherein the second type of service comprises a securities brokerage service for investments owned by the third entity.

14. The method of claim 2 wherein the second type of service includes management of a fiduciary instrument and the third entity is a fiduciary or agent of the fiduciary and the second entity is the grantor or beneficiary of the fiduciary instrument.

15. The method of claim 14 wherein the fiduciary instrument comprises a trust.

16. The method of claim 14 wherein the fiduciary instrument comprises a conservatorship.

17. The method of claim 14 wherein the fiduciary instrument comprises an executorship.

18. The method of claim 2 wherein the second type of service comprises insurance brokering services for an insurance policy involving the second entity.

19. The method of claim 2 wherein the second type of service comprises a real estate brokering service for real estate owned by the second entity.

20. The method of claim 2 wherein the second type of service comprises a personal property brokering service for personal property owned by the second entity.

21. The method of claim 2 wherein the second type of service comprises a property management service for a lease on real or personal property owned by the second entity.

22. The method of claim 1 wherein the obligation not to accept fees for providing a first benefit to the second entity and/or making a referral to a third entity that provides the first benefit to the second entity comprises an obligation not to accept fees for providing the first benefit to the second entity.

23. The method of claim 1 wherein the obligation not to accept fees for providing a first benefit to the second entity and/or making a referral to a third entity that provides the first benefit to the second entity comprises an obligation not to accept fees for making a referral to the third entity.

24. The method of claim 1 wherein the first type of service is provided to the second entity on a periodic basis and the first entity is compensated on a periodic basis over a period of time that the benefit is being provided by the third entity.

25. The method of claim 1 wherein the first entity is compensated as a proportion of the value of the benefit provided to the second entity by the third entity.

26. The method of claim 1 wherein the first entity is compensated from fees charged by the third entity for providing the benefit over a period of time.

27. The method of claim 1 wherein the first entity is selected by the second entity, and the method further comprises the third entity referring the first entity to the second entity.

28. The method of claim 1, further comprising the third entity providing a membership affiliation with a plurality of first entity members, each first entity member referring at least one of the second entities to the third entity.

29. The method of claim 28 wherein the membership affiliation comprises an agreement between the first entity and the third entity, the agreement providing that the first entity is required to provide a defined amount of the first type of services for the second entity over a defined period of time.

30. The method of claim 28, further comprising the third entity providing an affiliated first entity member with instructional materials regarding the benefit provided by the third entity.

31. The method of claim 28 further comprising the third entity providing an affiliated first entity with instructional materials regarding the first type of services provided by the first entity.

32. The method of claim 28, further comprising the third entity providing the first entity member with secure access to an account that includes periodically updated information concerning the benefit provided by the third entity to each second entity that the first entity refers to the third entity.

33. The method of claim 28, further comprising the third referring prospective second entities seeking the first type of service to affiliated first entities.

34. The method of claim 28 wherein the membership affiliation is provided over a computer network.

35. The method of claim 32 wherein the computer network comprises the Internet.

36. The method of claim 28 wherein the affiliation of each first entity member is conditioned on there being at least one second entity to which the first entity has provided or will provide the first type of service with respect to the benefit provided by the third entity, the benefit provided by the third entity being conditioned on the second entity receiving the first type of services from the first entity.

37. A method of providing legal services to a client, comprising enlisting at least one attorney to provide the legal services to the client, the attorney being under an obligation not to accept fees for referring the client to an asset management entity;

referring the client to the asset management entity, the asset management entity charging a fee to the client for managing the asset, and

the asset management entity compensating the attorney for the legal services provided to the client by paying the attorney a portion of the fees the asset management entity charges the client for managing the asset.

38. The method of claim 37 wherein the legal services comprise estate planning services.

39. The method of claim 37 wherein the asset management entity provides a banking service for managing a financial investment owned by the client.

40. The method of claim 37 wherein the asset management entity provides a securities brokerage service for securities investment owned by the client.

41. The method of claim 37 wherein the provides a banking service for an account owned by the client and managed by the banking service.

42. The method of claim 37 wherein the asset management entity manages a fiduciary instrument as a fiduciary or agent of a fiduciary and the client is a grantor or beneficiary of the fiduciary instrument.

43. The method of claim 42 wherein the fiduciary instrument comprises a trust instrument.

44. The method of claim 42 wherein the fiduciary instrument comprises a conservatorship instrument.

45. The method of claim 42 wherein the fiduciary instrument comprises an executorship.

46. The method of claim 37 wherein the asset management entity provides insurance services for an insurance policy involving the client.

47. The method of claim 37 wherein the asset management entity provides a real estate management service for real estate owned by the client.

48. The method of claim 37 wherein the asset management entity provides personal property management services for personal property owned by the client.

49. The method of claim 37 wherein the asset management entity provides property management service for real or personal property owned by the client.

50. The method of claim 37 wherein the compensation paid to the attorney includes compensation for legal services provided to the client prior to referring the client to the asset management entity.

51. The method of claim 37 wherein the legal services are provided to the client on a periodic basis and the attorney is compensated on a periodic basis over a period of time that the asset is managed by the asset management entity.

52. The method of claim 37 wherein the attorney is compensated by the asset management entity in proportion to the value of the asset being managed by the asset management entity.

53. The method of claim 37 wherein the attorney is compensated from fees charged by the asset management entity for managing the asset over a period of time.

54. The method of claim 37 wherein the attorney is selected by the client, and the asset management entity is referred to the client by the attorney.

55. The method of claim 37 wherein the asset management entity provides a membership affiliation with a plurality of member attorneys, each member attorney referring the services of the asset management entity to at least one client.

56. The method of claim 55 wherein the membership affiliation includes an agreement between the attorney and the asset management entity, the agreement providing that the attorney is required to provide a defined amount of legal services to the client over a defined period of time.

57. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with instructional materials regarding the services available from the asset management entity.

58. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with instructional materials regarding the legal services provided being provided to the client.

59. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with secure access to an account that includes periodically updated information concerning the asset managed by the asset management entity to each client that the attorney refers to the asset management entity.

60. The method of claim 55, further comprising the asset management entity referring prospective clients to a member attorney to provide legal services regarding the asset managed by the asset managing entity.

61. The method of claim 55 wherein the membership affiliation is provided over a computer network.

62. The method of claim 61 wherein the computer network comprises the Internet.

63. The method of claim 55 wherein the affiliation of each attorney member is conditioned on there being at least one client of the member attorney member with an asset being managed by the asset management entity, and wherein management of the asset by the asset management entity is conditioned on the client receiving legal services by an affiliated member attorney.

64. The method of claim 63, further comprising transferring the asset of the client under management by the asset management entity to another entity selected by the client if the client ceases to receive legal services from the member attorney or the member attorney ceases to be affiliated with the asset management entity.

65. A third-party compensation method for providing legal services to a client, comprising;

establishing a relationship between an attorney and the client to provide legal services to the client concerning management of an asset owned by the client;

the attorney referring the client to an asset management entity to manage the asset of the client, the attorney being under an obligation to not accept fees for referring the client to the asset management entity;

establishing a relationship between the client and the asset management entity, and, pursuant to the relationship, the asset management entity managing the asset owned by the client and charging a fee to the client for managing the asset;

establishing a relationship between the attorney and the asset management entity; and

pursuant to the relationship between the attorney and the asset management entity, the asset management entity compensating the attorney for legal services provided to the client regarding the asset being managed by the asset management entity, the compensation being provided from the fees the asset management entity charges the client for the management of the asset.

66. A third-party compensation method for providing legal services to clients, comprising:

providing a network of member attorneys affiliated with an asset management entity;

the member attorneys providing legal services to clients regarding respective assets owned by the clients;

the member attorneys referring clients to the affiliated asset management entity, the member attorneys being under an obligation to not accept fees for referring the clients to the affiliated asset management entity;

the asset managing entity managing the respective assets of the clients, the asset management entity charging the clients fees for managing the assets; and

the asset management entity compensating each member attorney for the legal services provided by each member attorney to each of the member attorney's clients having an asset managed by the asset management entity.

67. A third-party compensation method for providing legal fees to an attorney comprising;

establishing a first relationship between a client and the attorney, the attorney providing legal advice to the client concerning the clients wealth and being under an obligation to not accept fees for referring the client to a wealth management entity;

establishing a second relationship between the client and a wealth management entity, the wealth management entity charging a fee to the client to manage the wealth of the client; and

establishing a third relationship between the wealth management entity and the attorney, the attorney referring the client to the wealth management entity and the wealth management entity compensating the attorney for legal services provided to the client.

68. A system for doing business comprising:

a first document establishing a first relationship between a client and an attorney, the first document specifying that the attorney will provide legal services to the client;

a second document establishing a second relationship between the client and an asset management entity, the second document providing for the asset management entity managing an asset of the client and charging a fee to the client for managing the asset of the client; and

a third document establishing a third relationship between the asset management entity and the attorney, at least one of the first, second and third documents specifying that the asset management entity will compensate the attorney for the legal services provided to the client by the attorney pursuant to the first document from the fee charged to the client pursuant to the second document.

69. The system of claim 68, wherein the third document provides for the referral by the attorney of clients to a asset management entity.

70. A system for doing business comprising computer communications media configured to communicate:

information establishing a first relationship between a client and an attorney, the information specifying that the attorney will provide legal services to the client;

information establishing a second relationship between the client and an asset management entity, the second relationship including the asset management entity charging a fee to the client to manage the assets of the client; and

information establishing a third relationship between the asset entity and the attorney, the third relationship including the asset management entity compensating the attorney for providing legal services to the client pursuant to the first relationship.

71. The system of claim 70 wherein the third relationship further includes the attorney referring clients to the asset management entity.

72. The system of claim 70 wherein the computer communications media is further configured to provide information identifying a set of member attorneys having established the third relationship with asset management entity and information identifying a corresponding set of clients having established the second relationship with the asset management entity.

73. The system of claim 70 wherein the computer communications media is further configured to provide secure account information regarding an asset being managed by the asset management entity for the client, the secure account information being accessible to the client, the asset management entity and the attorney providing legal services for the client.

74. The system of claim 70 wherein the computer communications media configured is further configured to provide information to the client and to the attorney concerning services offered by the asset management entity for managing the asset of the client.

75. The system of claim 70 wherein the computer communications media is further configured to provide selected information to the attorney, the selected information including instructional materials to aid the attorney in providing legal services for the client.

76. The system of claim 70 wherein the computer communications media transmits information over a computer network.

77. The system of claim 76 wherein the computer network comprises the Internet.

THIRD PARTY PAYOR METHOD AND SYSTEM FOR DISTRIBUTING FINANCIAL BENEFITS

ABSTRACT OF THE DISCLOSURE

A method and system is provided to distribute benefits to a client, and compensate a first entity, such as an attorney, for providing a first type service to the client. The method includes establishing a relationship between the first entity and the client where the first entity provides a first type of service to the client, the entity being under an obligation not to accept fees for referring the client to a third entity which provides the benefit as a second type of service. The client is referred to the third the entity, which provides the benefit and charges a fee to the client for providing the benefit. The third entity compensates the first entity for the first type of services provided to the client from a portion of the fees charged to the client by the third entity. The method complies with ethical rules governing the professional conduct of the first entity.

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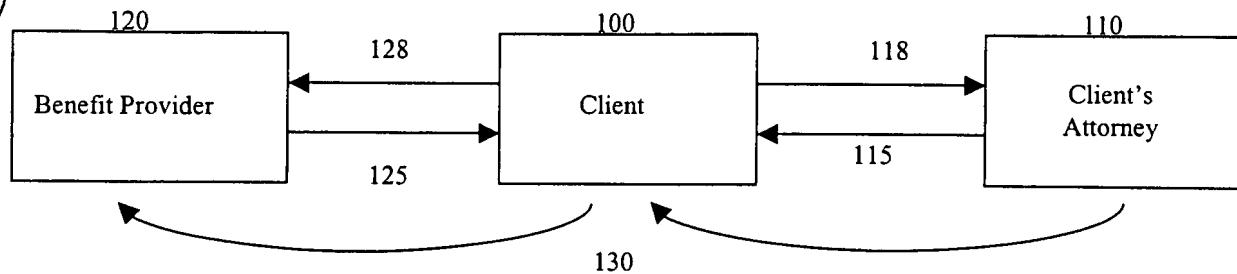


Fig. 1A

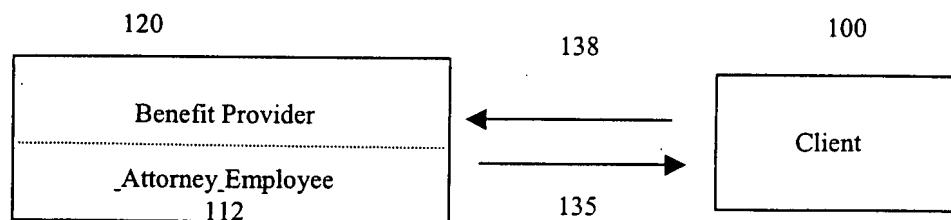


Fig. 1B

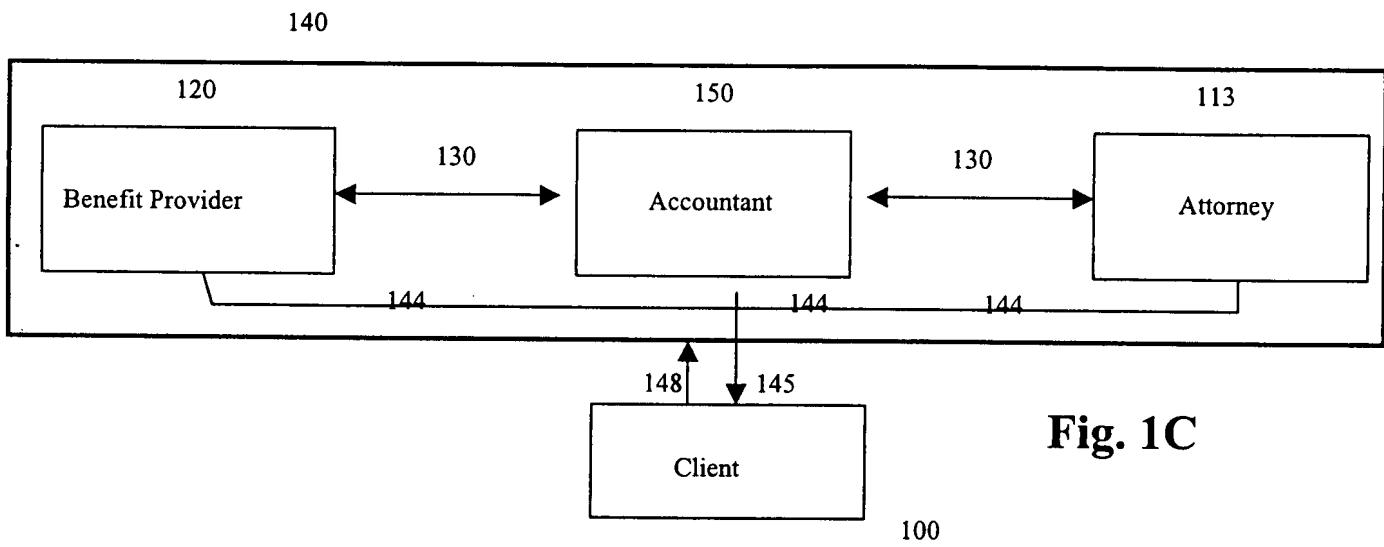
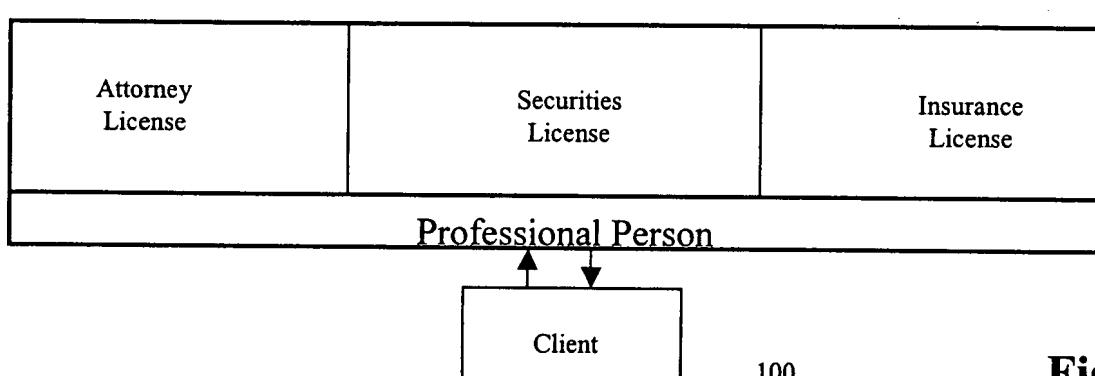


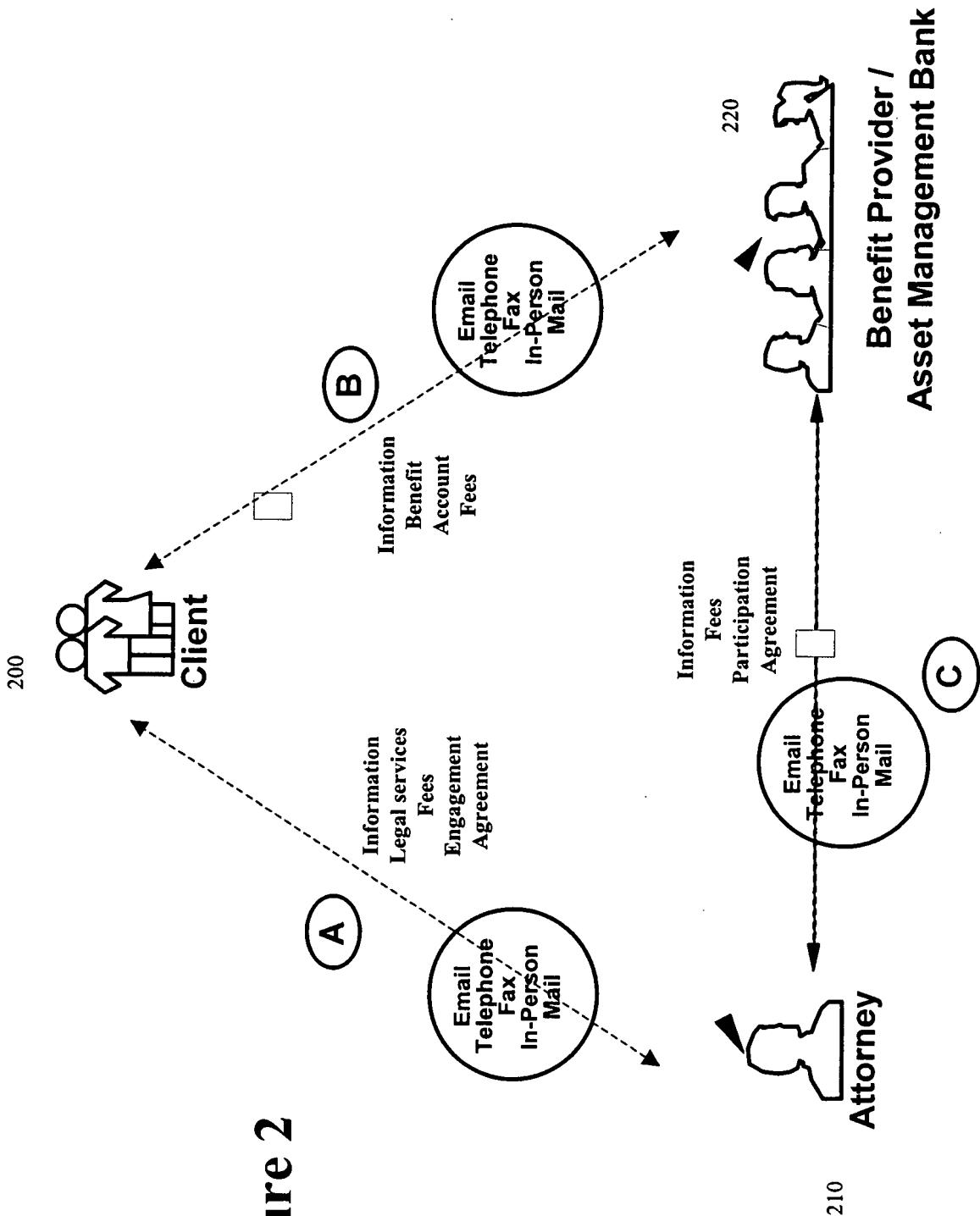
Fig. 1C



(Prior Art)

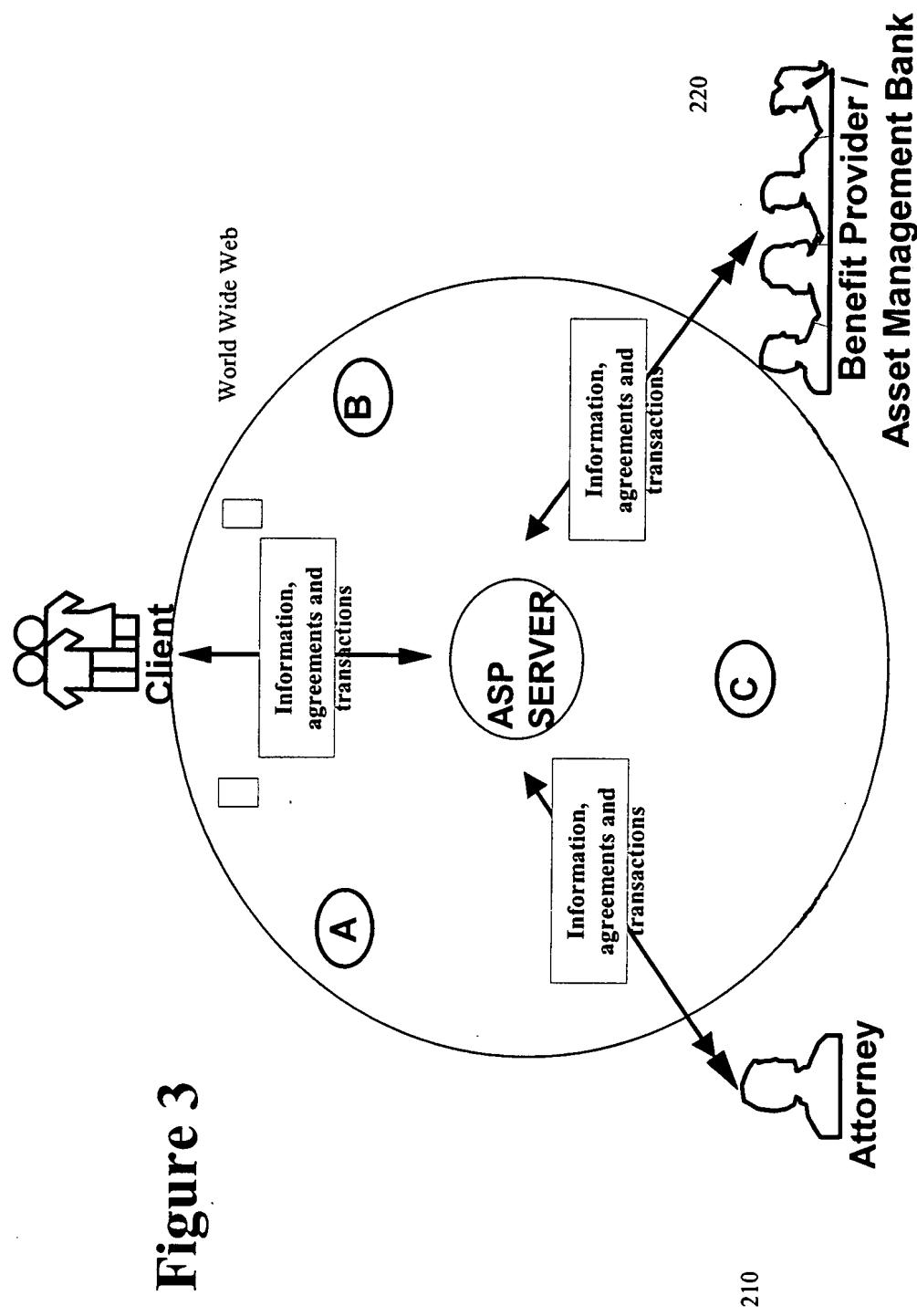
Fig. 1D

Figure 2



200

Figure 3





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DORSEY & WHITNEY LLP

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/858,145	05/14/2001	Daniel Prohaska	501009.01	2191

27076 7590 04/19/2007
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EXAMINER	
CARLSON, JEFFREY D	
ART UNIT	PAPER NUMBER
3622	

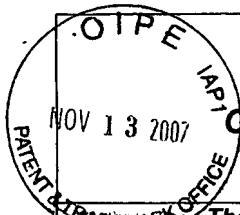
SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
3 MONTHS	04/19/2007	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

FINAL REJECTION2 mo. Response Due: June 19, 20073 mo. Response Due: July 19, 2007Notice of Appeal Due: October 19, 2007

(6 mo. period ends/3 mo. ext. of time required - will go abandoned)



Office Action Summary

Application No.	09/858,145	Applicant(s)	PROHASKA ET AL.
Examiner	Jeffrey D. Carlson	Art Unit	3622

The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS,
WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 16 January 2007.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-3,5,6,11-21 and 24-77 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-3,5,6,11-21 and 24-77 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All b) Some * c) None of:
1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. _____.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) Notice of References Cited (PTO-892) 4) Interview Summary (PTO-413)
2) Notice of Draftsperson's Patent Drawing Review (PTO-948) Paper No(s)/Mail Date. _____
3) Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____ 5) Notice of Informal Patent Application
6) Other: _____

DETAILED ACTION

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

1. Claims 68-77 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

■ Claims 68-69 simply set forth three documents. The content of the documents sets forth agreements between different parties, yet these agreement documents are taken to be nothing more than data per se and represent non-functional descriptive material. Claims 70-77 are rejected for similar reasons even though they appear to set forth content on computer media. In essence, these claims are an electronic equivalent of the problematic agreement documents. These claims are taken to represent documentation of a series of agreements and information useful for implementing the disclosed system, yet there is no apparatus programmed with the capabilities of carrying out the functionalities. See MPEP 2106 IV B 1 b.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

Art Unit: 3622

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

3. Claims 1-3, 5, 6, 11-21 and 24-77 are rejected under 35 U.S.C. 103(a) as being unpatentable over “traditional business model” (applicant admitted prior art).

Applicant provided prior art disclosure as a traditional business model in paragraphs 0004-0005 of the published instant application (US PG Pub 20020023030).

In this applicant-admitted prior art, a client retains an attorney for legal services, the attorney refers the client to an asset manager for providing of financial assistance/benefits to the client. Applicant describes that the attorney in most jurisdictions is prevented from receiving fees from the benefit provider or from the client for making the referral. *Inasmuch as pertinent, Examiner notes that the instant invention appears to go against this regulation in that the claimed invention appears to facilitate what amounts to a referral fee from the benefit provider to the attorney.*

Nonetheless, the challenges presented by current regulatory hurdles in practicing business will not be taken into consideration by the examiner, nor will any success in overcoming or sidestepping such regulation provide a patentable distinction. Rather, the claims will be evaluated for novelty and obviousness with respect to the technology of the present field of endeavor.

Regarding claim 1, the claim (and others with similar language) is interpreted to provide the following positive limitations: a method for a first entity servicing a second entity, a referred third entity servicing the second entity, the second entity paying the

third entity and the third entity providing compensation to the first entity. Language describing the types or qualities of the entities and language describing why acts are performed do not positively set forth or limit any particular method steps that are carried out and are therefore not taken to limit the claims. The traditional business model provides the three entities and the services, but not necessarily transfer of funds from the third entity to the first. However, applicant admits that referral fees are known, but are against regulation in most (i.e. not all) jurisdictions. It would have been obvious to one of ordinary skill at the time of the invention for the *desire* to send a referral fee from 3 to 1, yet to designate any such compensation as other than a referral fee given the illegalities of such. Therefore it would have been obvious to one of ordinary skill at the time of the invention to have provided funds/value from 3 to 1 in the form of a gift or a dinner or an amount of money without calling it a referral fee. It would have been obvious to one of ordinary skill at the time of the invention to have called such a payment as payment in consideration for the 1st service entity1 provides to entity2. Regarding applicant's language that the compensation "from fees entity3 charges entity2", it would have been obvious to one of ordinary skill at the time of the invention to have paid the compensation using funds earned from any number of sources, including fees from entity2. Depositing entity2's money into an account and then paying entity1 a compensation from this account is taken to read on the claim language of "from fees the third entity charges the second entity". Further, it would have been obvious to one of ordinary skill at the time of the invention for entity2 to pay entity3 with the notion that entity3 pass along at least some of the funds to entity1 for the service

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provided by entity1. In many cases, these referring businesses may be good friends, relatives, or work in the same building and entity2 may find it easier to simply pay entity3 with the notion that some of the funds should be disbursed to entity1 for his efforts. Official Notice is taken that it is common for a person owing several people money to pay the entire sum to one of them with instructions for them to disbursed funds to the other deserving recipients. It would have been obvious to one of ordinary skill at the time of the invention to have done so with such a "traditional business model" of attorney and financial consultant for example. Further still it would have been obvious to one of ordinary skill at the time of the invention for entity3 to provide funds from his earnings to entity1 in the situation where entity2 fails to pay entity1 whatsoever. Entity3 may feel it is the right thing to do to at least partially compensate entity1 for his efforts, especially where entity3 has indeed been fairly paid. It would have been obvious to one of ordinary skill at the time of the invention to have made these payments to preserve the goodwill and integrity of the entity1-entity3 relationship or simply because entity3 feels morally compelled to see entity1 gets paid.

Regarding claims 2, 3, 5, 6, 11-21, 37-50, 54, the wide variety of services claimed by applicant are all well known services to provide to a client by way of different service providers. It would have been obvious to pay a compensation between any two types of service providers.

Regarding claims 24-26, 51-53, applicant admits that periodic payments and proportional value payment schemes are known. It would have been obvious to one of

ordinary skill at the time of the invention to have used these with the traditional business model.

Regarding claims 27, 33, 60, it would have been obvious to one of ordinary skill at the time of the invention that any entity can make referrals and/or other payments to any other entity for business purposes.

Regarding claims 28-31, 55-58, 65-67 applicant admits that different entities can enter into affiliated memberships and it would have been obvious to one of ordinary skill at the time of the invention that the entities involved form affiliated relationships so that they can provide team-based servicing. It would have been obvious to one of ordinary skill at the time of the invention that team members provide instructional materials to their clients in order to assist them in understanding the services.

Regarding claims 32, 34, 35, 59, 61, 62, 76, 77, Official Notice is taken that entities that are affiliated in business frequently exchange business information over the Internet by way of remote access to computer systems and by email exchange. It would have been obvious to one of ordinary skill at the time of the invention to have accessed and/or transmitted the business information involved in the proposed business arrangement and services over a network for convenience in order to enable remotely located clients and service entities to conduct business electronically.

Regarding claim 36, 63, a condition cannot limit a method claim. Either the method steps are performed or not. Optional steps or limitations regarding other alternative scenarios do not form part of the performed method steps.

Regarding claim 64, Official Notice is taken that a retiring attorney transfers his clients to another attorney. It would have been obvious to one of ordinary skill at the time of the invention to have transferred the client to another entity when the attorney leaves the affiliated membership or stops practicing law so that the client can continue to receive the needed service.

Regarding claims 68-75, Official Notice is taken that it is well known to draft contracts for business agreements and it would have been obvious to one of ordinary skill at the time of the invention to have documented (on paper and/or electronically) not only the proposed business arrangements between the involved entities and the fees they would pay and receive, but also the assets involved and the details of the services provided as they are rendered.

Response to Arguments

Applicant argues that that the claims require a lack of referral fees. Examiner has described how the prior art renders obvious payments from entity3 to entity1 in two ways. The first is in place of a referral fee where rules do not permit and the second is where entity3 is paid for all services and entity3 distributes funds to entity1.

Conclusion

4. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jeffrey D. Carlson whose telephone number is 571-272-6716. The examiner can normally be reached on Mon-Fri 8a-5:30p, (work from home on Thursdays).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber can be reached on (571)272-6724. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Jeffrey D. Carlson
Primary Examiner
Art Unit 3622

jdc



PATENT

I hereby certify that on the date specified below, this correspondence is being deposited with the United States Postal Service as first-class mail in an envelope addressed to Mail Stop Appeal Brief – Patents, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.

November 9, 2007 A. Beggs
Date Alexandra Beggs

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Appl. No. : 09/858,145	Confirmation No. : 2191
Applicant : Thomas Prohaska and Daniel Prohaska	
Filed : May 14, 2001	Attorney Docket No.: 501009.01
Art Unit : 3622	Customer No. : 27,076
Examiner : Jeffrey D. Carlson	
Title : THIRD PARTY PAYOR METHOD AND SYSTEM FOR DISTRIBUTING FINANCIAL BENEFITS	

Mail Stop Appeal Brief – Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

APPELLANT'S BRIEF (37 C.F.R. § 41.37)

Sir:

This brief is in furtherance of the Notice of Appeal filed in this case on September 19, 2007. The fees required under Section 41.20 are dealt with in the accompanying transmittal letter.

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I. REAL PARTY IN INTEREST

The real party in interest in this appeal is the assignee of this application, Wealthbank Corporation., an Idaho Corporation having a principal place of business in Coeur D'Alene, Idaho.

II. RELATED APPEALS AND INTERFERENCES

There are no other appeals or interferences known to Appellant, the Appellant's legal representative, or the Assignee, which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

III. STATUS OF CLAIMS

A. TOTAL NUMBER OF CLAIMS IN APPLICATION

Claims in the application are: 1-3, 5, 6, 11-21, and 24-77.

B. STATUS OF ALL THE CLAIMS

1. Claims canceled: 4, 7-10, 22, and 23.
2. Claims withdrawn from consideration but not canceled: None.
3. Claims objected to: None.
4. Claims allowed or confirmed: None.
5. Claims rejected: 1-3, 5, 6, 11-21, and 24-77.

C. CLAIMS ON APPEAL

The claims on appeal are: 1-3, 5, 6, 11-21, and 24-77.

IV. STATUS OF AMENDMENTS

Appellant's amendment filed January 9, 2007 has been entered.

V. SUMMARY OF CLAIMED SUBJECT MATTER

1. Introduction

The present application is directed toward solving the problem of how a party may compensate, for example, an attorney through a third party for services rendered. An embodiment of the disclosed method of conducting transactions includes three entities or persons. Typically, there are one each of: an attorney, the attorney's client and a third-party service provider. In one embodiment, the attorney provides legal services to the client and also refers the client to the third-party service provider. The third-party service provider then arranges to provide another type service to the client and is paid a fee by the client for doing so. In one embodiment, the third-party service provider manages some of the assets or wealth of the client on an ongoing basis. Once the client pays the fees of the third-party service provider, the provider then pays the attorney for the legal services that were previously rendered to the client. As the relationship between the third-party service provider and the client continues, the attorney will typically continue to advise the client as to matters relating to the management of the assets or wealth. Payment for the legal advice and services dispensed in this capacity will further be paid out of the ongoing fees paid to the service provider for the management of the assets or wealth. It should be noted, however, that the advice and legal services are rendered by the attorney for and at the behest of the client. Said another way, the attorney has a relationship with the client and not with the third-party service provider.

This arrangement for the provision of services, legal and otherwise, as well as payment of fees has several advantages. For example, the relationship between the attorney and the client remain independent of the relationship between the client and the third-party service provider. One advantage of this is that the client is free to use one of their existing attorneys. Also, the attorney may independently evaluate the services provided by the third-party service provider and advise the client accordingly which is of benefit to the client. Lastly, the client has the advantage of paying only one set of fees, to the third-party service provider, for both the legal services rendered by the attorney and those rendered by the service provider. Of course, this arrangement is also beneficial to the attorney because it not only allows them to maintain an

independent practice, but also to benefit from the overall relationship without running afoul of ethics regulations that prohibit receipt of referral fees.

The “traditional business model” of the admitted prior art discloses a very different scheme for distributing legal and financial services to a client. As explained in greater detail below, unlike applicant’s business model, the traditional business model provides no financial benefit to the client and no non-financial benefit to the attorney for the attorney referring the client to the service provider.

Support in the specification for the limitations of the independent claims is pointed out below.

2. Claim 1

Claim 1 is directed to a method of conducting business transactions. *See Specification*, page 1, lines 4-10. The method includes a “first entity providing a first type of service to a second entity[.]” In one embodiment, the first entity provides legal services to a client. *See Specification*, page 7, line 21 – page 8, line 17. The method also includes “the first entity referring the second entity to a third entity for performing a first benefit for the second entity” In an embodiment, the third entity can be, for example, a benefit provider. *See Specification*, page 8, lines 27-29. The first entity refers the second entity to the benefit provider. *See Specification*, page 8, lines 1-4. The “first benefit for the second entity” is the benefit provided to the client by the benefit provider. *See Specification*, page 8, 18-33. The method also provides that the first entity is “not accepting fees for referring the second entity to the third entity[.]” *See Specification*, page 2, lines 29-31. Also, the first entity may “not [perform] the first benefit for the second entity[.]” *See Specification*, page 11, 18-19. The method also includes the step of “the third entity performing the first benefit for the second entity[.]” *See Specification*, page 8, lines 1-4. The method includes the step of “the third entity accepting fees from the second entity for providing the first benefit[.]” *See Specification*, page 8, 18-21. Lastly, the method provides the steps of “the third entity compensating the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit.” *See Specification*, page 9, 5-15.

3. Claim 37

Claim 37 is directed to a method of providing legal services to a client. The method includes the step of “enlisting at least one attorney to provide the legal services to the client[.]” *See Specification*, page 7, line 21 – page 8, line 17. “[T]he at least one attorney [refers] the client to an asset management entity[.]” *See Specification*, page 8, lines 1-4. The method also provides that the attorney is “not accepting fees for referring the client to the asset management entity[.]” *See Specification*, page 2, lines 29-31. “[T]he asset management entity [charges] a fee to the client for managing the asset[.]” *See Specification*, page 8, 18-21. Lastly, the method includes the step of “the asset management entity compensating the attorney for the legal services provided to the client by paying the attorney a portion of the fees the asset management entity charges the client for managing the asset.” *See Specification*, page 9, 5-15.

4. Claim 65

Claim 65 is directed to a third-party compensation method for providing legal services to a client. The method includes the step of “establishing a relationship between an attorney and the client to provide legal services to the client concerning management of an asset owned by the client[.]” *See Specification*, page 7, line 21 – page 8, line 17. “[T]he attorney [refers] the client to an asset management entity to manage the asset of the client[.]” *See Specification*, page 8, lines 1-4. The method also provides that the attorney is “not accepting fees for referring the client to the asset management entity[.]” *See Specification*, page 2, lines 29-31. The method further provides “establishing a relationship between the client and the asset management entity, and, pursuant to the relationship, the asset management entity managing the asset owned by the client and charging a fee to the client for managing the asset[.]” *See Specification*, page 8, 18-21. The method includes the step of “establishing a relationship between the attorney and the asset management entity[.]” *See Specification*, page 9, 5-15. Finally, “pursuant to the relationship between the attorney and the asset management entity, the asset management entity compensating the attorney for legal services provided to the client regarding the asset being managed by the asset management entity, the compensation being

provided from the fees the asset management entity charges the client for the management of the asset.” *See Specification*, page 9, 5-15.

5. Claim 66

Claim 66 is directed to a third-party compensation method for providing legal services to a client. The method includes “providing a network of member attorneys affiliated with an asset management entity[.]” *See Specification*, page 10, lines 27-28. The method includes the step of “the member attorneys providing legal services to clients regarding respective assets owned by the clients[.]” *See Specification*, page 7, line 21 – page 8, line 17. “[T]he member attorneys [refer] clients to the affiliated asset management entity[.]” *See Specification*, page 8, lines 1-4. The method also provides that the member attorneys are “not accepting fees for referring the clients to the affiliated asset management entity[.]” *See Specification*, page 2, lines 29-31. The method further provides “the asset managing entity managing the respective assets of the clients, the asset management entity charging the clients fees for managing the assets[.]” *See Specification*, page 8, 18-21. Finally, the method also provides that “the asset management entity [compensates] each member attorney for the legal services provided by each member attorney to each of the member attorney’s clients having an asset managed by the asset management entity.” *See Specification*, page 9, 5-15.

6. Claim 67

Claim 67 is directed to a third-party compensation method for providing legal services to a client. The method includes the step of “establishing a first relationship between a client and the attorney, the attorney providing legal advice to the client concerning the clients wealth [.]” *See Specification*, page 7, line 21 – page 8, line 17. The method requires the attorney be “not accepting fees for referring the client to a wealth management entity[.]” *See Specification*, page 8, lines 1-4 and page 2, lines 29-31. The method further provides “establishing a second relationship between the client and a wealth management entity, the wealth management entity charging a fee to the client to manage the wealth of the client[.]” *See Specification*, page 8, 18-21. Finally, the method also requires “establishing a third relationship between the wealth management entity and the attorney, the attorney referring the

client to the wealth management entity and the wealth management entity compensating the attorney for legal services provided to the client[.]” *See Specification*, page 9, 5-15.

7. Claim 68

Claim 68 is directed to a system for doing business. The system includes “a first document establishing a first relationship between a client and an attorney, the first document specifying that the attorney will provide legal services to the client[.]” *See Specification*, page 7, line 21 – page 8, line 17 and page 9, lines 23-28. The system also includes “a second document establishing a second relationship between the client and an asset management entity, the second document providing for the asset management entity managing an asset of the client and charging a fee to the client for managing the asset of the client[.]” *See Specification*, page 8, 18-21 and page 9, lines 23-28. Lastly, the system includes “a third document establishing a third relationship between the asset management entity and the attorney, at least one of the first, second and third documents specifying that the asset management entity will compensate the attorney for the legal services provided to the client by the attorney pursuant to the first document from the fee charged to the client pursuant to the second document.” *See Specification*, page 9, 5-15 and page 9, lines 23-28.

8. Claim 70

Claim 70 is directed to a system for doing business comprising computer media configured to communicate information. Such information includes “information establishing a first relationship between a client and an attorney, the information specifying that the attorney will provide legal services to the client[.]” *See Specification*, page 7, line 21 – page 8, line 17 and page 9, lines 23-28. The information also includes “information establishing a second relationship between the client and an asset management entity, the second relationship including the asset management entity charging a fee to the client to manage the assets of the client[.]” *See Specification*, page 8, 18-21 and page 9, lines 23-28. The information also includes “information establishing a third relationship between the asset entity and the attorney, the third

relationship including the asset management entity compensating the attorney for providing legal services to the client pursuant to the first relationship[.]” *See Specification*, page 9, 5-28.

VI. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

The first ground of rejection to be reviewed on appeal is whether claims 68-77 were properly rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

The second ground of rejection to be reviewed on appeal is whether claims 1-3, 5, 6, 11-21 and 24-77 were properly rejected under 35 U.S.C. § 103(a) as being unpatentable over the “traditional business model” of the Applicant’s admitted prior art (‘AAPA’). (*Office Action* dated April 19, 2007, attached hereto as Exhibit B.)

VII. ARGUMENTS

I. Claims 68-77 are directed to patentable subject matter

The Examiner asserts that claims 68 and 69 are directed to non-patentable subject matter because the documents recited within the claims are nothing more than data per se and represent non-functional subject matter. *See Office Action* dated April 19, 2007, page 2. Claims 70-77 stand rejected on similar grounds. *Id.*

Applicant respectfully asserts that claims 68-77 are patentable subject matter because the claims encompass functional material. With regard to claim 68, the documents set forth therein are functional material and not data per se because the documents themselves establish a relationship between entities and this relationship is functional. The relationship that is established by the documents between the client and the attorney, for example, establishes and changes the status of the attorney with respect to the client. This status did not exist prior to the creation of the documents and, therefore, the documents are clearly functional because they have the function of creating that very relationship. Claim 69 is patentable subject matter because of its dependence on claim 68 which is patentable subject matter. Likewise, claim 70, which is directed to such documents on computer media, encompasses “documents” that are in electronic form instead of in paper form. The functional aspects of these documents are no less powerful on computer media because they still have the effect of establishing a binding relationship between, for example, the attorney and the client. Claim 70 is, therefore, patentable subject matter and as such, claims that depend from claim 70, claims 71-77, also comprise patentable subject matter. Because the content of documents set forth in claims 68-77 are functional material, the rejection of these claims under 35 U.S.C. § 101 should be reversed.

II. Claims 1-3, 5, 6, 11-21 and 24-77 are patentable over the AAPA

A. *The Subject Matter of Independent Claims 1, 37, 65, 66, 67, 68 and 70*

Claim 1 reads as follows:

1. A method of conducting transactions, comprising:
a first entity providing a first type of service to a second entity;

the first entity referring the second entity to a third entity for performing a first benefit for the second entity, the first entity not accepting fees for referring the second entity to the third entity and further not performing the first benefit for the second entity;

the third entity performing the first benefit for the second entity, the third entity accepting fees from the second entity for providing the first benefit; and

the third entity compensating the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit.

Claim 37 reads as follows:

37. A method of providing legal services to a client, comprising

enlisting at least one attorney to provide the legal services to the client;

the at least one attorney referring the client to an asset management entity, the at least one attorney not accepting fees for referring the client to the asset management entity, the asset management entity charging a fee to the client for managing the asset, and

the asset management entity compensating the attorney for the legal services provided to the client by paying the attorney a portion of the fees the asset management entity charges the client for managing the asset.

Claim 65 reads as follows:

65. A third-party compensation method for providing legal services to a client, comprising;

establishing a relationship between an attorney and the client to provide legal services to the client concerning management of an asset owned by the client;

the attorney referring the client to an asset management entity to manage the asset of the client, the attorney not accepting fees for referring the client to the asset management entity;

establishing a relationship between the client and the asset management entity, and, pursuant to the relationship, the asset management entity managing the asset owned by the client and charging a fee to the client for managing the asset;

establishing a relationship between the attorney and the asset management entity; and

pursuant to the relationship between the attorney and the asset management entity, the asset management entity compensating the attorney for legal services provided to the client regarding the asset being managed by the asset management entity, the compensation being provided from the fees the asset management entity charges the client for the management of the asset.

Claim 66 reads as follows:

66. A third-party compensation method for providing legal services to clients, comprising:

providing a network of member attorneys affiliated with an asset management entity;

the member attorneys providing legal services to clients regarding respective assets owned by the clients;

the member attorneys referring clients to the affiliated asset management entity, the member attorneys not accepting fees for referring the clients to the affiliated asset management entity;

the asset managing entity managing the respective assets of the clients, the asset management entity charging the clients fees for managing the assets; and

the asset management entity compensating each member attorney for the legal services provided by each member attorney to each of the member attorney's clients having an asset managed by the asset management entity.

Claim 67 reads as follows:

67. A third-party compensation method for providing legal fees to an attorney comprising;

establishing a first relationship between a client and the attorney, the attorney providing legal advice to the client concerning the client's wealth and not accepting fees for referring the client to a wealth management entity;

establishing a second relationship between the client and a wealth management entity, the wealth management entity charging a fee to the client to manage the wealth of the client; and

establishing a third relationship between the wealth management entity and the attorney, the attorney referring the client to the wealth management entity and the wealth management entity compensating the attorney for legal services provided to the client.

Claim 68 reads as follows:

68. A system for doing business comprising:

a first document establishing a first relationship between a client and an attorney, the first document specifying that the attorney will provide legal services to the client;

a second document establishing a second relationship between the client and an asset management entity, the second document providing for

the asset management entity managing an asset of the client and charging a fee to the client for managing the asset of the client; and

a third document establishing a third relationship between the asset management entity and the attorney, at least one of the first, second and third documents specifying that the asset management entity will compensate the attorney for the legal services provided to the client by the attorney pursuant to the first document from the fee charged to the client pursuant to the second document.

Claim 70 reads as follows:

70. A system for doing business comprising computer communications media configured to communicate:

information establishing a first relationship between a client and an attorney, the information specifying that the attorney will provide legal services to the client;

information establishing a second relationship between the client and an asset management entity, the second relationship including the asset management entity charging a fee to the client to manage the assets of the client; and

information establishing a third relationship between the asset entity and the attorney, the third relationship including the asset management entity compensating the attorney for providing legal services to the client pursuant to the first relationship.

B. The Subject Matter of the Applicant's Admitted Prior Art

The “traditional business model” of the admitted prior art discloses method for distributing legal and financial services to a client. With reference to Figure 1A, the client 100 and the attorney 110 have a relationship wherein the attorney provides legal services 115 to the client and the client pays fees 118 to the attorney for rendering these services. In the course of providing the legal services 115 to the client, the attorney makes a referral 130 to the client to retain services from a third-party service provider 120. At this point, the client 100 begins a relationship with a third-party service provider 120. In that relationship, the third-party service provider provides a service or other benefit 125 to the client for which the client pays a fee 128 to the third-party service provider. Once the referral has been made to the client, the attorney is no longer involved and does not benefit in any way from the relationship between the client 100 and the third-party service provider 120. Most clearly, the attorney is paid separately by the third-party service provider rather than by the client for the legal services rendered to the client.

C. Summary of the Rejection

The office action dated April 19, 2007 rejects claims 1-3, 5, 6, 11-21 and 24-77 as being unpatentable under 35 U.S.C. § 103(a) over the “traditional business model” of the Applicant’s admitted prior art.

With respect to claim 1, the Examiner asserts that the funds paid to the first entity comprise a referral fee. That is, the Examiner asserts that providing “funds/value from 3 to 1 in the form of a gift or a dinner or an amount of money without calling it a referral fee” is obvious. *See Office Action* dated April 19, 2007, page 4. Yet, the language of claim 1 clearly requires that “third entity [compensate] the first entity for the first type of service the first entity provides to the second entity[.]” (emphasis added). The first entity is simply being paid for rendering a service and that payment is coming from the third entity and NOT from the client as is disclosed in the AAPA. This claim limitation is not, therefore, taught or suggested by the AAPA. The Examiner appears to be relying on his subjective evaluation of the obviousness of the subject matter of claim 1 rather than what the prior art teaches to one of ordinary skill in the art.

Such reliance is misplaced, however, since the compensation provided to entity 1 by entity 3 is not a “referral fee” for at least two reasons. First, the plain language of amended claim 1 states that the compensation is for “the first type of service the first entity provides to the second.” Compensating the first entity for that service is not a “referral” fee under any definition of the word referral since it was expressly for “the first type of service” rather than for referring the second entity to the third entity. Said another way, the compensation is for the service and not for the referral. In fact, if the first entity does not perform any service to the second entity, the first entity will not receive any fee despite the existence of the referral. Second, claim 1 has been amended to claim the method action of entity 1 “referring” entity 2 to entity 3 while expressly limiting that action such that entity 1 is expressly “not accepting fees for referring the second entity to the third entity.” This limitation positively limits the act of “referring” and, therefore, limits the claim. Contrary to the position of the Examiner, there is, therefore, no “referral fee.” Without a referral fee, the knowledge of one of ordinary skill with respect to “referral fees” is not relevant for obviousness analysis.

Moreover, the Examiner has failed to establish a *prima facie* case of obviousness because the Examiner has not shown a suggestion or motivation to modify the AAPA to arrive at the *particular* solution embodied by the claims. Obviousness cannot be established by combining references “without also providing evidence of the motivating force which would impel one skilled in the art to *do what the patent applicant has done.*” *See Ex parte Levengood*, 28 USPQ2n 1300, 1302 (Bd. Pat. App. & Inter. 1993) (emphasis added). The Examiner contends that the compensation is a “referral fee” where the parties have arranged to designate the compensation as something other than a referral fee and that such is obvious in light of the illegality of referral fees. Even if this contention is true, the Examiner has not shown that the claimed invention is *itself* obvious. At most, the Examiner has shown that it would be “obvious to try” to compensate an attorney for making a referral in a manner that is not illegal due to the natural desire of persons to avoid illegal activities. Said another way, although it may be “obvious to try” to invent a method of doing business that avoids illegal actions, the Examiner has not shown that this particular solution as embodied by the claims is *itself* obvious.

Similar arguments apply to independent claims 37, 65, 66, 67, 68 and 70. In particular, claim 37 requires “the asset management entity compensating the attorney for the

legal services provided to the client.” Claim 65 requires “the asset management entity compensating the attorney for legal services provided to the client.” Claim 66 requires “the asset management entity compensating each member attorney for the legal services provided by each member attorney to each of the member attorney’s clients.” Claim 67 requires “the wealth management entity compensating the attorney for legal services provided to the client.” Claim 68 requires “the asset management entity will compensate the attorney for the legal services provided to the client.” And finally, claim 70 requires “the asset management entity compensating the attorney for providing legal services to the client.” Because the Examiner has failed to establish a *prima facie* case of obviousness with respect to claims 1, 37, 65, 66-68 and 70, these claims, and claims depending therefrom are patentable over the “traditional business model” and the obviousness rejection should be reversed.

VIII. CLAIMS APPENDIX

The text of the claims involved in the appeal are:

1. A method of conducting transactions, comprising:

a first entity providing a first type of service to a second entity;

the first entity referring the second entity to a third entity for performing a first benefit for the second entity, the first entity not accepting fees for referring the second entity to the third entity and further not performing the first benefit for the second entity;

the third entity performing the first benefit for the second entity, the third entity accepting fees from the second entity for providing the first benefit; and

the third entity compensating the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit.

2. The method of claim 1 wherein the first benefit comprises a second type of service performed by the third entity for the second entity.

3. The method of claim 2 wherein the first entity comprises an attorney, the second entity comprises a client, and the first type of service comprises legal services.

4. (Cancelled)

5. The method of claim 3 wherein the third entity comprises an asset manager, the second type of service comprises managing assets owned by the second entity, and the legal services comprise counseling the client regarding the assets managed by the asset manager.

6. The method of claim 3 wherein the legal services comprise a wealth or estate planning service.

7-10. (Cancelled)

11. The method of claim 2 wherein the second type of service comprises an asset management service managing assets owned by the second entity.

12. The method of claim 2 wherein the second type of service comprises a banking service managing an account for the second entity.

13. The method of claim 2 wherein the second type of service comprises a securities brokerage service for investments owned by the second entity.

14. The method of claim 2 wherein the second type of service includes management of a fiduciary instrument and the third entity is a fiduciary or agent of the fiduciary and the second entity is the grantor or beneficiary of the fiduciary instrument.

15. The method of claim 14 wherein the fiduciary instrument comprises a trust.

16. The method of claim 14 wherein the fiduciary instrument comprises a conservatorship.

17. The method of claim 14 wherein the fiduciary instrument comprises an executorship.

18. The method of claim 2 wherein the second type of service comprises insurance brokering services for an insurance policy involving the second entity.

19. The method of claim 2 wherein the second type of service comprises a real estate brokering service for real estate owned by the second entity.

20. The method of claim 2 wherein the second type of service comprises a personal property brokering service for personal property owned by the second entity.

21. The method of claim 2 wherein the second type of service comprises a property management service for a lease on real or personal property owned by the second entity.

22-23. (Cancelled)

24. The method of claim 1 wherein the first type of service is provided to the second entity on a periodic basis and the first entity is compensated on a periodic basis over a period of time that the benefit is being provided by the third entity.

25. The method of claim 1 wherein the first entity is compensated as a proportion of the value of the benefit provided to the second entity by the third entity.

26. The method of claim 1 wherein the first entity is compensated from fees charged by the third entity for providing the benefit over a period of time.

27. The method of claim 1 wherein the first entity is selected by the second entity, and the method further comprises the third entity referring the first entity to the second entity.

28. The method of claim 1, further comprising the third entity providing a membership affiliation with a plurality of first entity members, each first entity member referring at least one of the second entities to the third entity.

29. The method of claim 28 wherein the membership affiliation comprises an agreement between the first entity and the third entity, the agreement providing that the first entity is required to provide a defined amount of the first type of services for the second entity over a defined period of time.

30. The method of claim 28, further comprising the third entity providing an affiliated first entity member with instructional materials regarding the benefit provided by the third entity.

31. The method of claim 28 further comprising the third entity providing an affiliated first entity with instructional materials regarding the first type of services provided by the first entity.

32. The method of claim 28, further comprising the third entity providing the first entity member with secure access to an account that includes periodically updated information concerning the benefit provided by the third entity to each second entity that the first entity refers to the third entity.

33. The method of claim 28, further comprising the third referring prospective second entities seeking the first type of service to affiliated first entities.

34. The method of claim 28 wherein the membership affiliation is provided over a computer network.

35. The method of claim 32 wherein the computer network comprises the Internet.

36. The method of claim 28 wherein the affiliation of each first entity member is conditioned on there being at least one second entity to which the first entity has provided or will provide the first type of service with respect to the benefit provided by the third entity, the benefit provided by the third entity being conditioned on the second entity receiving the first type of services from the first entity.

37. A method of providing legal services to a client, comprising
enlisting at least one attorney to provide the legal services to the client;
the at least one attorney referring the client to an asset management entity, the at least one attorney not accepting fees for referring the client to the asset management entity, the asset management entity charging a fee to the client for managing the asset, and
the asset management entity compensating the attorney for the legal services provided to the client by paying the attorney a portion of the fees the asset management entity charges the client for managing the asset.

38. The method of claim 37 wherein the legal services comprise estate planning services.

39. The method of claim 37 wherein the asset management entity provides a banking service for managing a financial investment owned by the client.

40. The method of claim 37 wherein the asset management entity provides a securities brokerage service for securities investment owned by the client.

41. The method of claim 37 wherein the asset management entity provides a banking service for an account owned by the client and managed by the banking service.

42. The method of claim 37 wherein the asset management entity manages a fiduciary instrument as a fiduciary or agent of a fiduciary and the client is a grantor or beneficiary of the fiduciary instrument.

43. The method of claim 42 wherein the fiduciary instrument comprises a trust instrument.

44. The method of claim 42 wherein the fiduciary instrument comprises a conservatorship instrument.

45. The method of claim 42 wherein the fiduciary instrument comprises an executorship.

46. The method of claim 37 wherein the asset management entity provides insurance services for an insurance policy involving the client.

47. The method of claim 37 wherein the asset management entity provides a real estate management service for real estate owned by the client.

48. The method of claim 37 wherein the asset management entity provides personal property management services for personal property owned by the client.

49. The method of claim 37 wherein the asset management entity provides property management service for real or personal property owned by the client.

50. The method of claim 37 wherein the compensation paid to the attorney includes compensation for legal services provided to the client prior to referring the client to the asset management entity.

51. The method of claim 37 wherein the legal services are provided to the client on a periodic basis and the attorney is compensated on a periodic basis over a period of time that the asset is managed by the asset management entity.

52. The method of claim 37 wherein the attorney is compensated by the asset management entity in proportion to the value of the asset being managed by the asset management entity.

53. The method of claim 37 wherein the attorney is compensated from fees charged by the asset management entity for managing the asset over a period of time.

54. The method of claim 37 wherein the attorney is selected by the client, and the asset management entity is referred to the client by the attorney.

55. The method of claim 37 wherein the asset management entity provides a membership affiliation with a plurality of member attorneys, each member attorney referring the services of the asset management entity to at least one client.

56. The method of claim 55 wherein the membership affiliation includes an agreement between the attorney and the asset management entity, the agreement providing that the attorney is required to provide a defined amount of legal services to the client over a defined period of time.

57. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with instructional materials regarding the services available from the asset management entity.

58. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with instructional materials regarding the legal services provided being provided to the client.

59. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with secure access to an account that includes periodically updated information concerning the asset managed by the asset management entity to each client that the attorney refers to the asset management entity.

60. The method of claim 55, further comprising the asset management entity referring prospective clients to a member attorney to provide legal services regarding the asset managed by the asset managing entity.

61. The method of claim 55 wherein the membership affiliation is provided over a computer network.

62. The method of claim 61 wherein the computer network comprises the Internet.

63. The method of claim 55 wherein the affiliation of each attorney member is conditioned on there being at least one client of the member attorney member with an asset being managed by the asset management entity, and wherein management of the asset by the asset management entity is conditioned on the client receiving legal services by an affiliated member attorney.

64. The method of claim 63, further comprising transferring the asset of the client under management by the asset management entity to another entity selected by the client if the

client ceases to receive legal services from the member attorney or the member attorney ceases to be affiliated with the asset management entity.

65. A third-party compensation method for providing legal services to a client, comprising;

establishing a relationship between an attorney and the client to provide legal services to the client concerning management of an asset owned by the client;

the attorney referring the client to an asset management entity to manage the asset of the client, the attorney not accepting fees for referring the client to the asset management entity;

establishing a relationship between the client and the asset management entity, and, pursuant to the relationship, the asset management entity managing the asset owned by the client and charging a fee to the client for managing the asset;

establishing a relationship between the attorney and the asset management entity; and

pursuant to the relationship between the attorney and the asset management entity, the asset management entity compensating the attorney for legal services provided to the client regarding the asset being managed by the asset management entity, the compensation being provided from the fees the asset management entity charges the client for the management of the asset.

66. A third-party compensation method for providing legal services to clients, comprising;

providing a network of member attorneys affiliated with an asset management entity;

the member attorneys providing legal services to clients regarding respective assets owned by the clients;

the member attorneys referring clients to the affiliated asset management entity, the member attorneys not accepting fees for referring the clients to the affiliated asset management entity;

the asset managing entity managing the respective assets of the clients, the asset management entity charging the clients fees for managing the assets; and

the asset management entity compensating each member attorney for the legal services provided by each member attorney to each of the member attorney's clients having an asset managed by the asset management entity.

67. A third-party compensation method for providing legal fees to an attorney comprising;

establishing a first relationship between a client and the attorney, the attorney providing legal advice to the client concerning the clients wealth and not accepting fees for referring the client to a wealth management entity;

establishing a second relationship between the client and a wealth management entity, the wealth management entity charging a fee to the client to manage the wealth of the client; and

establishing a third relationship between the wealth management entity and the attorney, the attorney referring the client to the wealth management entity and the wealth management entity compensating the attorney for legal services provided to the client.

68. A system for doing business comprising:

a first document establishing a first relationship between a client and an attorney, the first document specifying that the attorney will provide legal services to the client;

a second document establishing a second relationship between the client and an asset management entity, the second document providing for the asset management entity managing an asset of the client and charging a fee to the client for managing the asset of the client; and

a third document establishing a third relationship between the asset management entity and the attorney, at least one of the first, second and third documents specifying that the asset management entity will compensate the attorney for the legal services provided to the client by the attorney pursuant to the first document from the fee charged to the client pursuant to the second document.

69. The system of claim 68, wherein the third document provides for the referral by the attorney of clients to a asset management entity.

70. A system for doing business comprising computer communications media configured to communicate:

information establishing a first relationship between a client and an attorney, the information specifying that the attorney will provide legal services to the client;

information establishing a second relationship between the client and an asset management entity, the second relationship including the asset management entity charging a fee to the client to manage the assets of the client; and

information establishing a third relationship between the asset entity and the attorney, the third relationship including the asset management entity compensating the attorney for providing legal services to the client pursuant to the first relationship.

71. The system of claim 70 wherein the third relationship further includes the attorney referring clients to the asset management entity.

72. The system of claim 70 wherein the computer communications media is further configured to provide information identifying a set of member attorneys having established the

third relationship with asset management entity and information identifying a corresponding set of clients having established the second relationship with the asset management entity.

73. The system of claim 70 wherein the computer communications media is further configured to provide secure account information regarding an asset being managed by the asset management entity for the client, the secure account information being accessible to the client, the asset management entity and the attorney providing legal services for the client.

74. The system of claim 70 wherein the computer communications media configured is further configured to provide information to the client and to the attorney concerning services offered by the asset management entity for managing the asset of the client.

75. The system of claim 70 wherein the computer communications media is further configured to provide selected information to the attorney, the selected information including instructional materials to aid the attorney in providing legal services for the client.

76. The system of claim 70 wherein the computer communications media transmits information over a computer network.

77. The system of claim 76 wherein the computer network comprises the Internet.

IX. EVIDENCE APPENDIX

1. Specification, filed May 14, 2001 attached hereto as Exhibit A.
3. Office Action dated April 19, 2007 attached hereto as Exhibit B.

X. RELATED PROCEEDINGS APPENDIX

None.

XI. CONCLUSION

For all of the reasons stated above, the rejection of claims 1-3, 5, 6, 11-21, and 24-77 should be reversed.

Respectfully submitted,

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CAH:

Enclosures:

- Postcard
- Check
- Fee Transmittal (+ copy)
- Appeal Brief Transmittal (+copy)
- Exhibits A & B

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EXHIBIT "A"

**THIRD PARTY PAYOR METHOD AND SYSTEM FOR DISTRIBUTING
FINANCIAL BENEFITS**

CROSS REFERENCE TO RELATED APPLICATIONS

This application claims the benefit of U.S. provisional application number 60/203,730, filed May 12, 2000, which is incorporated herein by reference.

TECHNICAL FIELD

This invention relates generally to the field of business methods and more particularly to methods of providing a benefit from a benefit provider, such as an asset management entity, to an entity such as a client, while also providing a service to the client, such as a legal service, from a separate service provider, where the service provider is compensated by the benefit provider under a third-party payor method that complies with the ethical and statutory rules governing the conduct of the service provider.

BACKGROUND OF THE INVENTION

Benefit management is an important component to successful maintenance and transmission of wealth, especially wealth accumulated by individuals. A benefit includes anything of value, such as an asset or investment that is provided to a person (or designee of the person) for which the person is willing to pay a fee to obtain or manage. Wealth is typically managed by being distributed into a variety of benefits with the help of the services provided by one or more professional entities. A person that uses such services becomes a client of each entity providing a service. Clients traditionally have relied on legal services provided by attorneys to help implement a wealth management or estate planning plan. The attorney's service to the client is a counseling relationship that takes into consideration the client's personal goals, the tax consequences and inter relationship between various investments and instruments viewed in light of a variety of legal issues that can affect realization of the individual's goal. Attorneys usually become trusted advisers of their clients because unlike other service professionals, an attorney is privy to a multitude of personal confidences of the client. In providing wealth planning services, the attorney might refer the client to the

- services of benefit providers, such as accountants or asset managers, who are authorized to render services related to financial matters, or to other benefit providers such as a securities broker, a banking institution or other entity authorized to provide specific types of financial vehicles related to specific classes of benefits. Typically, these other 5 entities are not able to provide (or are prevented by governmental rules from providing) advice that is strictly legal in nature. Moreover, certain instruments for conveying assets, such as wills, trusts and estates, are legal in nature, and cannot be prepared by the benefit provider although such instruments may include benefits that are managed by the same.
- 10 The traditional business model for distributing benefits and legal services to a client may be designated the independent referral model, which is illustrated in Figure 1A. A client 100 establishes a relationship with an attorney 110 who provides legal services 115 to the client in return for a fee 118. In the case of wealth management services, the attorney 110 would typically recommend that the client 100 retain an 15 entity to provide a benefit, such as asset management, 125 and would often make specific referrals 130 to use the services of a particular benefit provider/asset manager 120. The client 100 would then establish an independent relationship with the benefit provider 120 whose services include, for example, providing and/or managing an asset 125 for the client, so that the client 100 receives a benefit 126 resulting from the 20 management. The benefit provider 120 performs these services in return for another fee 128. Typically, fees 128 charged by the benefit provider are paid by the client on a periodic basis, for example, monthly, quarterly or annually, with the amount of the fee often being proportionate to the value of the benefit provided or asset managed. Thus, the benefit provider 120 obtains an ongoing revenue stream from the client 100 based 25 on the value of the benefit or asset for as long as the benefit or asset is managed by the benefit provider 120.

30 In contrast, the attorney 110, who is often principally responsible for designing the overall wealth planning plan for the client 100, might only receive the initial fee 118 for rendering the initial planning services 115. The rules governing the conduct of attorneys in most jurisdictions prevent attorneys from receiving fees from the benefit provider 120 or from the client 100 for making the referral. Accordingly, the benefit provider 120 receives a continuous, and potentially large revenue stream 128 that

originated from the expertise in wealth planning initially provided by the attorney 110 as well as the benefit of the referral by the attorney. In addition, the client 100 is required to pay two separate fees (118 and 128) to obtain the legal services 115 of the attorney 110 and the benefit 125 from the benefit provider 120. Therefore, in this
5 referral model, the role played by the attorney 110 provides a long-term financial benefit to both to the client 100 and the benefit provider 120. Although the client 100 pays the fee 118 for this service 115, the benefit provider 120 receives the benefit of the referral 130 from the attorney 110 free-of-charge.

A second model for providing a benefit to a client 100 using the expertise of an
10 attorney 110 is the attorney-employee model currently practiced by several accounting and brokerage firms, which is illustrated in Figure 1B. In this model, the benefit provider 120 hires attorney-employees 123 to provide similar services 113 to the client 100 as the services 115 provided by an independent attorney 110 in designing a plan to manage the client's wealth. The attorney serving in this capacity is a representative of
15 the benefit provider and not the client. In using the services 113 of the employee attorney 123, the client 100 loses the benefit of having an independent counselor. Also, the attorney-employee model shown in Figure 1B produces competition between the benefit provider 120 and independent attorneys 110, particularly in the field of wealth planning services. Yet it may be in the best interest of the client 100 for the attorney
20 110 to refer the client 100 to the benefit provider 120. In addition, the accounting firm or other benefit provider 120 charges fees for both planning services for and providing or managing the client's benefits , which the independent attorney is prevented from doing when the management of benefits or assets is provided by another party. This makes it difficult for independent attorneys to be compensated on par with those that
25 provide essentially identical services but who are not under an obligation that prevents them from accepting fees for providing the dual services of planning and management.

A third model designed to bring the professional services of a benefit provider 120 and an attorney 147 into one business is the Multi-Disciplinary Practice (MDP) 140, which is illustrated in Figure 1C. The MDP 140 is a partnership, corporation, or
30 other legal entity formed between a benefit provider 120, an attorney 147 or group of attorneys, or other professionals such as accountants 150. The client 100 can ostensibly obtain a suite of professional services from each of the separate disciplines associated

- with the MDP 140 in exchange for a fee 145 that includes the separate fees 144 from each service provided. Each of the professional services provided by the MDP 140 is governed by the ethical and statutory requirements for that discipline. The potential attraction of the MDP 140 is that any one service provider 147, 120 or 150 operating
- 5 within the MDP 140 may refer clients to another service provider within the MDP 140 while the overall profits of the MDP 140 are shared between various disciplines. The MDP model, however, has numerous problems that make it impractical and/or otherwise undesirable. Currently, few jurisdictions permit attorneys to form business partnerships with non-attorneys, so MDPs 140 cannot be formed in many places.
- 10 Where such practices can be formed, they face strict structural and regulatory rules that increase liability and the cost of providing services. Also, to be competitive, MDPs require a certain “critical mass” of professional service providers to form the entity. Obtaining such a critical mass is impractical for smaller law firms, banks and accounting firms that serve many communities in the United States.
- 15 A fourth model for distributing legal services and benefits to clients is the multiply-licensed professional model, which is illustrated in Figure 1D. This model include a multiply-licensed professional 160 who is a professional licensed to practice in one discipline that also obtains a separate license to practice in a different discipline. For example, an attorney may obtain a real estate license, a securities broker’s license,
- 20 an insurance license or the like. Each professional service is independent of the other services although a single person is licensed to practice in each discipline. The multiply-licensed professional 150 is separately subject to the ethical rules governing each discipline. These ethical rules may at times conflict. They also might require the multiply-licensed professional 150 to create two or more separate entities and may
- 25 prohibit sharing space, advertising costs or administrative personnel between entities. It is often more desirable for an attorney to close his or her legal practice altogether rather than risk violating the ethical rules of professional conduct when operating under separate professional licenses. Again, this model is not desirable to many attorneys that prefer to continue the practice of law.
- 30 Each of the foregoing business models may fail to provide satisfactory results for a large number of clients and attorneys. Clients may not have the ability to use their existing attorney as a counselor to manage the client’s benefits without having to pay

additional fees. There maybe little or no oversight of the benefits being managed by the benefit provider when there is no independent attorney overseeing the benefits under management. In addition, many attorneys, especially those that are skilled in wealth planning services are faced with the "if you can't beat them join them" dilemma of 5 having to give up their existing legal practices and enroll with a benefit provider if the attorney cannot compete economically with other benefit providers providing similar wealth planning services. A new business model is needed to overcome these problems.

BRIEF SUMMARY OF THE INVENTION

- 10 There is a need in the art to provide a method that allows attorneys (or other professional entity under an obligation to not accept fees for referral services) to continue to provide services related to a benefit provided to their clients, and to be compensated for those services while the actual provision or management of the benefit is referred to another entity.
- 15 Provided herein are methods and systems to provide a benefit to a client under third party payor compensation system where the client uses at least two types of services to obtain a benefit and pays a single fee for the distinct types of services in compliance with an ethical rule, license requirement or governmental statute governing the conduct of the entity being compensated by the third party. In one embodiment, the 20 method includes establishing a first relationship between a client and an attorney, the attorney providing legal services to the client concerning the client's benefits and being under an obligation to not accept fees for referring the client to a benefit provider. A second relationship is established between the client and a benefit provider, the benefit provider charging a fee to the client to manage the assets of the client. A third 25 relationship is established between the benefit provider and the attorney, the attorney referring the client to the benefit provider and the benefit provider compensating the attorney for legal services provided to the client, the compensation received by the attorney being in compliance with rules governing the ethics of the practice of law. In preferred embodiments, the benefit is an asset or asset management service and the 30 benefit provider is a bank, trust company, broker or other financial services entity.

The method is generally applicable to providing services and benefits to any entity seeking a service and a benefit and is applicable to service provider entities other than attorneys, and to benefits other than asset management. In a more general embodiment, the method includes a first entity providing a first type of service to a second entity, the first entity being able to accept fees for the first type of service but under an obligation not to accept fees for providing a first benefit to the second entity and/or for making a referral to a third entity that provides the first benefit to the second entity. The second entity may be a client, customer or other entity seeking services and benefits. The first entity may be any entity that provides the first type of service. The third entity may be any entity that provides the first benefit sought by the second entity. The method also includes a third entity providing the first benefit for the second entity, the third entity being able to accept fees from the second entity for providing the first benefit. The method still further includes providing a third entity that compensates the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit. In certain embodiments, the first entity may refer the second entity to the third entity. In yet other embodiments, the third entity may refer the first entity to the second entity. In any case, the third party payor system establishes a set of relationships between the entities, the services and the benefits provided in a manner that complies with the ethical obligations of the entities being compensated.

Also provided are document and electronically based systems for establishing the relationships necessary to provide the third-party payor method and for distributing the benefits and services. These and other embodiments of the invention may be more fully understood by reference the following detailed description.

25

BRIEF DESCRIPTION OF THE DRAWINGS

Figure 1A is a schematic diagram that illustrates an independent referral method of the prior art for providing benefits and legal services to a client.

Figure 1B is a schematic diagram that illustrates an attorney-employee method of the prior art.

Figure 1C is a schematic diagram that illustrates a Multi-Disciplinary-Practice method of the prior art.

Figure 1D is a schematic diagram that illustrates a multiply-licensed professional method of the prior art.

5 Figure 2 is a schematic diagram that illustrates one embodiment of a third party compensation method provided herein.

Figure 3 is a schematic diagram that illustrates a computer based embodiment of the method of the present invention.

DETAILED DESCRIPTION OF THE INVENTION

10 As mentioned in the foregoing summary, the methods and systems provided herein are applicable to a variety of relationships between a client, a first entity that provides a first service for the client, and a third-party entity that provides or manages a benefit of the client. To better aid in understanding the invention, the following detailed description is made with reference to embodiments where first entity providing
15 the first service is an attorney providing a legal services, particularly wealth planning services (e.g. estate planning), and the third-party entity, the benefit provider, is a banking entity that provides investment vehicles and related advisory services for managing the assets of a client. However, it will be understood that this embodiment is for example purposes only, and that the method and systems provided herein can be
20 applied to a wide variety of three party relationships.

Figure 2 illustrates various features of this embodiment. One or more clients 200 enter into a relationship A with an attorney 210. The attorney client relationship A is an independent relationship between the client 200 and the attorney 210. The client 200 selects the attorney 210 to provide legal advice and usually has a preexisting
25 relationship with he attorney 210. This relationship involves a two-way exchange of information concerning the client's personal and financial needs and legal services to aid in fulfilling those needs. In a preferred practice, the legal services provided by the attorney 210 relate to managing the client's wealth in an estate planning practice. As part of the service, the attorney 210 makes recommendations, reviews documents,
30 prepares legal instruments and otherwise devises a plan to fulfill the particular needs of the client 200.

This first relationship between the attorney 210 and client 200 includes an engagement agreement that comports with the ethical rules governing attorney conduct, including a disclosure that the attorney 210 may recommend a particular benefit provider 220 to manage benefits on behalf of the client 200. A form of the engagement
5 agreement may be provided as a document from the benefit provider 220. The engagement agreement discloses that the attorney 210 will provide ongoing counseling to the client 200 regarding the management of those client's benefits and that the fees for those ongoing services performed by the attorney 210 will be paid from the benefit provider 220 under a defined schedule. The agreement specifies that the services
10 provided by the attorney 210 will remain confidential between the attorney 210 and the client 200, unless disclosure is consented to by the client 200. The attorney 210 retains a duty of loyalty to the client 200 as required by the ethical rules governing the conduct of the attorneys. This includes the duty to represent the client's interest where it may depart from the interest of the benefit provider 220. If the client 200 elects to use the
15 benefit provider 220 recommended by the attorney 210, the engagement agreement between the attorney 210 and client is filed with the benefit provider 220 to document that the first relationship has been established.

The second relationship B is established between the client 200 and the benefit provider 220 where information and services for managing the benefits provided to the
20 client 200 are exchanged between these parties in return for a fee to be paid to the benefit provider 220. The type of benefits to be managed by the benefit provider 220 preferably includes those recommended by the attorney 210, but may include other benefits independently recommended by the benefit provider 220 in light of the plan devised between the attorney 210 and the client 200. For example, the attorney 210
25 might generally recommend benefits such as a trust fund, securities investment, a real estate investment, a cash asset account and the like. The benefit provider 220 in turn, might recommend a particular distribution of financial products into which to invest the funds of the trust, and/or recommends particular securities or mutual funds that comport with the plan. The client 200 may further consult with attorney 210 regarding the
30 recommendations of the benefit provider 220. If the client 200 elects use the services of the benefit provider 220 these parties review, execute and file an account agreement with the benefit provider 220. The account agreement documents that the second

relationship has been established and an account is provided for the client 200 by the benefit provider 220 to manage the benefits to be provided. The client 200 and/or the benefit provider 220 notifies the attorney 210 that the second relationship has been established.

5 A third relationship C is then established between the benefit provider 220 and the attorney 210. This relationship includes a participation agreement that is produced, reviewed and executed between the attorney 210 and the benefit provider 220. This agreement typically provides that the attorney 210 will perform a minimum set of legal services to independently advise the client 200 about the benefits being managed by the
10 benefit provider 220. The agreement also includes a compensation plan specifying that the attorney 210 will be compensated for the legal services provided to the client 200 under the terms of the engagement agreement between the client 200 and the attorney 210, the compensation for such services being provided from the fees charged to the client 200 by the benefit provider 220. The participation agreement documents that the
15 third relationship has been established.

 The benefit provider 220 preferably provides the attorney 210 with access to the client's benefit account to allow the attorney 210 to oversee the performance of the account and to properly advise the client 200. The benefit provider 220 may also provide the attorney 210 with information concerning the benefit management services
20 available from the benefit provider 220. In addition, the benefit provider 220 may also provide the attorney 210 with proprietary information or other instructional materials related to serving the legal needs of clients 200.

 It will be understood that the relationship between the attorney 210 and benefit provider 220 may differ from that described above. In the embodiment shown in Figure
25 2, the relationships A, B and C between the client 200, attorney 210, and benefit provider 220 are established and maintained through the creation of documents and exchange of information through communication channels 225 such as telephone, facsimile, in-person meetings and mail. In a preferred embodiment, the relationships A, B, C are established through electronic communication channels utilizing computer
30 communication medium. Figure 3 illustrates this embodiment for providing benefits to a client 200 using the third party payor system. This embodiment, like the embodiment described in Figure 2 is based on establishing three independent relationships, i.e.,

- between the client 200 and attorney 210, the client 200 and benefit provider 220, and the attorney 210 and the benefit provider 220. This embodiment is implemented by providing the necessary information for establishing the relationships on computer readable medium, preferably over a network such as the Internet or World Wide Web.
- 5 In one practice of this embodiment, rather than providing hard-copy documents for establishing the relationships, the relationships are established by electronic communication. In a typical practice, an application service provider (ASP) provides the information on computer readable medium via a server computer. The client 200, the benefit provider 220 and the attorney 210 each communicate information by a carrier wave from local computers distributed at various places to one or more server computers.
- 10 In certain embodiments, the computer communication medium includes computer readable medium configured to provide information identifying the set of member attorneys that have established the third relationship with benefit provider 220.
- 15 This information may be stored for example, in the form of a database that also includes information identifying the corresponding set of clients for each member attorney 210 that has established a relationship with the benefit provider 220. In still other embodiments the computer communications medium is further configured to provide secure account information regarding the client's account being managed by the benefit provider 220 for the client 200. In this practice, the account information is accessible to the client 200, the benefit provider 220 and the attorney 210. In addition, the ASP embodiments may further provide information to the client 200 and to the attorney 210 concerning services offered by the benefit provider 220 for managing the benefit of the client 200. Also, the ASP may transmit certain selected information to the attorney 210 such as, for example, instructional materials to aid the attorney 210 in providing legal services for the client 200.

30 The third party compensation method provided herein provides for the affiliation of a plurality of member attorneys 210 with a benefit provider 220. This membership of attorneys provides a network to distribute benefits provided by the benefit provider 220. An attorney becomes an affiliated member only if the attorney refers the service of the benefit provider 220 to at least one client 200 and the client 200 accepts the service provided. By becoming an affiliated member, the attorney 210 is

“enlisted” as part of a network of independent attorneys, each referring the benefit provider 220 to a client 200 and thereby distributing the benefits provided by the benefit provider 220. Because the network of member attorneys may be established using computer communications media provided over the Internet, a large benefit distribution

5 system can be provided at a lower cost than the typical attorney-employee method or MDP method of the prior art. The benefit provider 220 can accordingly charge competitive fees for providing or managing the benefit while at the same time being able to compensate the member attorneys 210s for legal services provided to their clients.

10 The agreement between the attorney 210 and the benefit provider 220 may require that the attorney 210 provide a defined amount or type of legal services to the client 200 over a defined period of time. Typically, the defined amount of services is expressed in units of time while the defined type of services is expressed as typical attorney functions, for example reviewing the benefits under management by the benefit provider 220 in light of any changes in the client’s goals, reviewing tax consequences and the like. While the amount or type of services may be specified, it remains in the sole discretion of the attorney 210 to determine the form and content of any service provided to the client 200. In any case, the attorney 210 is compensated only for providing legal services. The compensation is provided on a periodic basis, for example, annually or biannually. The compensation may include payment for the initial services, such as wealth planning services rendered to the client 200 prior to the client 200 having established a relationship with the benefit provider 220. Preferably, before any compensation is paid to the attorney 210, the attorney 210 submits a document certifying to the benefit provider 220 that legal services have been provided to the client 200 according to the engagement agreement. The client 200 also submits a document to the benefit provider 220 confirming that the attorney’s certification is correct.

15 In certain embodiments, the fee charged by the benefit provider 220 for managing the client’s benefits may be proportionate to the value of the benefit. In other embodiments the fee charged by the benefit provider 220 may be a fixed amount. In a preferred practice, the benefit provider 220 charges a fee that is competitive with the fees charged by other benefit providers 220. A fee of 2% per annum or less of value of the assets under management would be competitive in most situations. In one

embodiment, a fee of 1.95% per annum is charged by the benefit provider 220. In another embodiment, where the benefits under management are of a high value, a lower rate may be negotiated between the client 200 and the benefit provider 220. In such circumstance, one of the services provided by the attorney 210 under the engagement 5 agreement with the client 200 may be to negotiate with the benefit provider 220 to offer a lower fee to the client 200. This presents no conflict of interests so long as the compensation fee paid to the attorney 210 is not changed because that compensation has been previously authorized by the client 200 in the engagement agreement. In most 10 embodiments, the fees will be paid to the attorney 210 from earnings on the benefit being managed, especially when the benefit is an investment. In other embodiments, the fees may be billed and paid apart from the earnings on the asset.

To reduce the likelihood of conflicts of interest that might arise if the relationship A between the attorney 210 and the client 200, or the relationship B between the client 200 and the benefit provider 220 should deteriorate, the third party 15 payor method provided herein may be made contingent on maintaining these relationships. In this practice, the affiliation of each attorney member 210 with the benefit provider 220 is conditioned on there being at least one client 200 of the member attorney 210 with a benefit being managed by the benefit provider 220. In addition, continued management of a benefit by the benefit provider 220 is conditioned on the 20 client 200 receiving legal services by an affiliated member attorney 210. If the attorney 210 should withdraw from providing services to the client 200 then the client 200 is required to transfer benefits being managed by the benefit provider 220 to another benefit provider selected by the client 200. Similarly, if the client 200 should withdraw 25 all accounts being managed by the benefit provider 220, then the membership of the affiliated attorney 210 with the benefit provider 220 is also terminated with respect to that client 200. These features help ensure that the attorney 210 will not be compensated if the client 200 dissolves the relationship with the attorney 210 and that the client 200 is always represented by an attorney 210 with respect the benefits being managed.

30 In the method and systems described herein, the client 200 may retain an attorney 210 originally selected by the client 200 who is familiar with the client's overall personal and legal needs. The client 200 need not rely on the counsel of an

attorney employee of the benefits provider who's loyalties lie with the benefits provider. The client 200 preferably receives periodic counseling from the attorney 210 and does not incur additional fees when his or her own attorney 210 reviews the performance of the benefits provided from the benefits provider. The attorney 210
5 maintains his or her independence as client advisor and receives ongoing compensation for the legal services provided to the client 200 in compliance with the ethical rules governing attorneys. The benefit provider 220 obtains a method for distributing its benefits through a body of affiliated member attorneys 210 who can provide the wealth management expertise needed to adequately advise the clients. The independent body
10 of attorneys are willing to recommend the benefit provider 220 to their own clients knowing that as attorneys, they will be able to provide ongoing oversight on behalf of their client's potentially changing goals and receive a reasonable fee for doing the same.

The third party compensation method provided herein is analogous to the role of a liability insurance company that serves as the third party payor to an attorney who
15 represents the interest of the client in a matter covered by the terms of the insurance policy. In both cases the third party payor relationship comports with ethical rules because the services provided by the attorney 210 to the client are not put at risk by the third-party payor. However, the method provided herein differs from insurance in several respects. One difference is that in the present method, the client 200 receives
20 periodic legal services without any triggering event. In contrast, services paid by insurers are not provided unless a triggering event occurs within the terms of the insurance policy. Another difference is that the legal services in the present method help manage a benefit of a client 200 rather than avoid (or minimize) a liability. In this respect, the third-party payor of the present invention has interests that are aligned with
25 those of the client rather than being adverse thereto.

From the foregoing it will be appreciated that, although specific embodiments of the invention have been described herein for purposes of illustration, various modifications may be made without deviating from the spirit and scope of the invention. More specifically, although the embodiments described above have been
30 described in the context of an attorney rendering legal services to a client and being compensated for those services by an entity who manages the benefit of the client, other arrangements are possible within the scope of the invention. The first type of service

may be any type of service provided by any entity able to provide that service. Examples include, but are not limited to, professional counseling or advising services such as business management services, investment services, accounting services, medical services, psychological services and the like. Still other types of services
5 include employment services, architectural services, contractor services, repair services and the like. Example benefits include financial assets such as securities investments, mutual funds, various forms of banking accounts, real estate investments, cash accounts, insurance policies and the like. These may be included in fiduciary accounts, such as trusts, conservatorships and executorships. When the benefit involves a
10 fiduciary account, the client may be the trustee of the account and the benefit provider may manage the account as an agent of the trustee. Alternatively, the benefit provider may be the fiduciary, i.e. the trustee, conservator, or executor of a fiduciary account where the client is the grantor. In still another embodiment, the client may be the beneficiary of a fiduciary account granted by another but managed by a benefit provider
15 who serves as the trustee, conservator, executor or agent of the account. Still other benefits include interests in personal property, for example, investments in art or other collectible items. Other property benefits include leases on real or personal property, for example a building lease or lease on a vehicle such as boat, plane or automobile. Example entities providing such benefits include trust companies, securities brokers,
20 mutual fund companies, accounting firms, as well as a entities such as real estate brokers, real property management firms, insurance companies and personal property dealerships. Accordingly, the invention is not limited except as by the following claims.

WHAT IS CLAIMED IS:

1. A method of conducting transactions, comprising:
 - a first entity providing a first type of service to a second entity, the first entity being able to accept fees for the first type of service but under an obligation not to accept fees for providing a first benefit to the second entity and/or making a referral to a third entity that provides the first benefit to the second entity;
 - the third entity performing the first benefit for the second entity, the third entity being able to accept fees from the second entity for providing the first benefit; and
 - the third entity compensating the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit.
2. The method of claim 1 wherein the first benefit comprises a second type of service performed by the third entity for the second entity.
3. The method of claim 2 wherein the first entity comprises an attorney, the second entity comprises a client, and the first type of service comprises legal services.
4. The method of claim 3 wherein the obligation not to accept fees for providing the first benefit and/or making a referral to a third entity that provides the first benefit comprises an ethical rule, license requirement or statute governing the conduct of attorneys.
5. The method of claim 3 wherein the third entity comprises an asset manager, the second type of service comprises managing assets owned by the first entity, and the legal services comprise counseling the client regarding the assets managed by the asset manager.
6. The method of claim 3 wherein the legal services comprise a wealth or estate planning service.

7. The method of claim 1 wherein the first type of service comprises an accounting service, the first entity comprises a licensed accountant, and the obligation not to accept fees for providing a first benefit to the second entity comprises an ethical rule, license requirement or statute governing the conduct of accountants.

8. The method of claim 7 wherein the accounting service comprises asset managing services.

9. The method of claim 1 wherein the first type of service comprises an investment advisor service, the first entity comprises a licensed investment advisor, and the obligation not to accept fees for providing a first benefit to the second entity comprises an ethical rule, license requirement or statute governing the conduct of investment advisors.

10. The method of claim 9 wherein the investment advisor service comprises asset managing services.

11. The method of claim 2 wherein the second type of service comprises an asset management service managing assets owned by the third entity.

12. The method of claim 2 wherein the second type of service comprises a banking service managing an account for the third entity.

13. The method of claim 2 wherein the second type of service comprises a securities brokerage service for investments owned by the third entity.

14. The method of claim 2 wherein the second type of service includes management of a fiduciary instrument and the third entity is a fiduciary or agent of the fiduciary and the second entity is the grantor or beneficiary of the fiduciary instrument.

15. The method of claim 14 wherein the fiduciary instrument comprises a trust.

16. The method of claim 14 wherein the fiduciary instrument comprises a conservatorship.

17. The method of claim 14 wherein the fiduciary instrument comprises an executorship.

18. The method of claim 2 wherein the second type of service comprises insurance brokering services for an insurance policy involving the second entity.

19. The method of claim 2 wherein the second type of service comprises a real estate brokering service for real estate owned by the second entity.

20. The method of claim 2 wherein the second type of service comprises a personal property brokering service for personal property owned by the second entity.

21. The method of claim 2 wherein the second type of service comprises a property management service for a lease on real or personal property owned by the second entity.

22. The method of claim 1 wherein the obligation not to accept fees for providing a first benefit to the second entity and/or making a referral to a third entity that provides the first benefit to the second entity comprises an obligation not to accept fees for providing the first benefit to the second entity.

23. The method of claim 1 wherein the obligation not to accept fees for providing a first benefit to the second entity and/or making a referral to a third entity that provides the first benefit to the second entity comprises an obligation not to accept fees for making a referral to the third entity.

24. The method of claim 1 wherein the first type of service is provided to the second entity on a periodic basis and the first entity is compensated on a periodic basis over a period of time that the benefit is being provided by the third entity.

25. The method of claim 1 wherein the first entity is compensated as a proportion of the value of the benefit provided to the second entity by the third entity.

26. The method of claim 1 wherein the first entity is compensated from fees charged by the third entity for providing the benefit over a period of time.

27. The method of claim 1 wherein the first entity is selected by the second entity, and the method further comprises the third entity referring the first entity to the second entity.

28. The method of claim 1, further comprising the third entity providing a membership affiliation with a plurality of first entity members, each first entity member referring at least one of the second entities to the third entity.

29. The method of claim 28 wherein the membership affiliation comprises an agreement between the first entity and the third entity, the agreement providing that the first entity is required to provide a defined amount of the first type of services for the second entity over a defined period of time.

30. The method of claim 28, further comprising the third entity providing an affiliated first entity member with instructional materials regarding the benefit provided by the third entity.

31. The method of claim 28 further comprising the third entity providing an affiliated first entity with instructional materials regarding the first type of services provided by the first entity.

32. The method of claim 28, further comprising the third entity providing the first entity member with secure access to an account that includes periodically updated information concerning the benefit provided by the third entity to each second entity that the first entity refers to the third entity.

33. The method of claim 28, further comprising the third referring prospective second entities seeking the first type of service to affiliated first entities.

34. The method of claim 28 wherein the membership affiliation is provided over a computer network.

35. The method of claim 32 wherein the computer network comprises the Internet.

36. The method of claim 28 wherein the affiliation of each first entity member is conditioned on there being at least one second entity to which the first entity has provided or will provide the first type of service with respect to the benefit provided by the third entity, the benefit provided by the third entity being conditioned on the second entity receiving the first type of services from the first entity.

37. A method of providing legal services to a client, comprising enlisting at least one attorney to provide the legal services to the client, the attorney being under an obligation not to accept fees for referring the client to an asset management entity;

referring the client to the asset management entity, the asset management entity charging a fee to the client for managing the asset, and

the asset management entity compensating the attorney for the legal services provided to the client by paying the attorney a portion of the fees the asset management entity charges the client for managing the asset.

38. The method of claim 37 wherein the legal services comprise estate planning services.

39. The method of claim 37 wherein the asset management entity provides a banking service for managing a financial investment owned by the client.

40. The method of claim 37 wherein the asset management entity provides a securities brokerage service for securities investment owned by the client.

41. The method of claim 37 wherein the provides a banking service for an account owned by the client and managed by the banking service.

42. The method of claim 37 wherein the asset management entity manages a fiduciary instrument as a fiduciary or agent of a fiduciary and the client is a grantor or beneficiary of the fiduciary instrument.

43. The method of claim 42 wherein the fiduciary instrument comprises a trust instrument.

44. The method of claim 42 wherein the fiduciary instrument comprises a conservatorship instrument.

45. The method of claim 42 wherein the fiduciary instrument comprises an executorship.

46. The method of claim 37 wherein the asset management entity provides insurance services for an insurance policy involving the client.

47. The method of claim 37 wherein the asset management entity provides a real estate management service for real estate owned by the client.

48. The method of claim 37 wherein the asset management entity provides personal property management services for personal property owned by the client.

49. The method of claim 37 wherein the asset management entity provides property management service for real or personal property owned by the client.

50. The method of claim 37 wherein the compensation paid to the attorney includes compensation for legal services provided to the client prior to referring the client to the asset management entity.

51. The method of claim 37 wherein the legal services are provided to the client on a periodic basis and the attorney is compensated on a periodic basis over a period of time that the asset is managed by the asset management entity.

52. The method of claim 37 wherein the attorney is compensated by the asset management entity in proportion to the value of the asset being managed by the asset management entity.

53. The method of claim 37 wherein the attorney is compensated from fees charged by the asset management entity for managing the asset over a period of time.

54. The method of claim 37 wherein the attorney is selected by the client, and the asset management entity is referred to the client by the attorney.

55. The method of claim 37 wherein the asset management entity provides a membership affiliation with a plurality of member attorneys, each member attorney referring the services of the asset management entity to at least one client.

56. The method of claim 55 wherein the membership affiliation includes an agreement between the attorney and the asset management entity, the agreement providing that the attorney is required to provide a defined amount of legal services to the client over a defined period of time.

57. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with instructional materials regarding the services available from the asset management entity.

58. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with instructional materials regarding the legal services provided being provided to the client.

59. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with secure access to an account that includes periodically updated information concerning the asset managed by the asset management entity to each client that the attorney refers to the asset management entity.

60. The method of claim 55, further comprising the asset management entity referring prospective clients to a member attorney to provide legal services regarding the asset managed by the asset managing entity.

61. The method of claim 55 wherein the membership affiliation is provided over a computer network.

62. The method of claim 61 wherein the computer network comprises the Internet.

63. The method of claim 55 wherein the affiliation of each attorney member is conditioned on there being at least one client of the member attorney member with an asset being managed by the asset management entity, and wherein management of the asset by the asset management entity is conditioned on the client receiving legal services by an affiliated member attorney.

64. The method of claim 63, further comprising transferring the asset of the client under management by the asset management entity to another entity selected by the client if the client ceases to receive legal services from the member attorney or the member attorney ceases to be affiliated with the asset management entity.

65. A third-party compensation method for providing legal services to a client, comprising:

establishing a relationship between an attorney and the client to provide legal services to the client concerning management of an asset owned by the client;

the attorney referring the client to an asset management entity to manage the asset of the client, the attorney being under an obligation to not accept fees for referring the client to the asset management entity;

establishing a relationship between the client and the asset management entity, and, pursuant to the relationship, the asset management entity managing the asset owned by the client and charging a fee to the client for managing the asset;

establishing a relationship between the attorney and the asset management entity; and

pursuant to the relationship between the attorney and the asset management entity, the asset management entity compensating the attorney for legal services provided to the client regarding the asset being managed by the asset management entity, the compensation being provided from the fees the asset management entity charges the client for the management of the asset.

66. A third-party compensation method for providing legal services to clients, comprising:

providing a network of member attorneys affiliated with an asset management entity;

the member attorneys providing legal services to clients regarding respective assets owned by the clients;

the member attorneys referring clients to the affiliated asset management entity, the member attorneys being under an obligation to not accept fees for referring the clients to the affiliated asset management entity;

the asset managing entity managing the respective assets of the clients, the asset management entity charging the clients fees for managing the assets; and

the asset management entity compensating each member attorney for the legal services provided by each member attorney to each of the member attorney's clients having an asset managed by the asset management entity.

67. A third-party compensation method for providing legal fees to an attorney comprising;

establishing a first relationship between a client and the attorney, the attorney providing legal advice to the client concerning the clients wealth and being under an obligation to not accept fees for referring the client to a wealth management entity;

establishing a second relationship between the client and a wealth management entity, the wealth management entity charging a fee to the client to manage the wealth of the client; and

establishing a third relationship between the wealth management entity and the attorney, the attorney referring the client to the wealth management entity and the wealth management entity compensating the attorney for legal services provided to the client.

68. A system for doing business comprising:

a first document establishing a first relationship between a client and an attorney, the first document specifying that the attorney will provide legal services to the client;

a second document establishing a second relationship between the client and an asset management entity, the second document providing for the asset management entity managing an asset of the client and charging a fee to the client for managing the asset of the client; and

a third document establishing a third relationship between the asset management entity and the attorney, at least one of the first, second and third documents specifying that the asset management entity will compensate the attorney for the legal services provided to the client by the attorney pursuant to the first document from the fee charged to the client pursuant to the second document.

69. The system of claim 68, wherein the third document provides for the referral by the attorney of clients to a asset management entity.

70. A system for doing business comprising computer communications media configured to communicate:

information establishing a first relationship between a client and an attorney, the information specifying that the attorney will provide legal services to the client;

information establishing a second relationship between the client and an asset management entity, the second relationship including the asset management entity charging a fee to the client to manage the assets of the client; and

information establishing a third relationship between the asset entity and the attorney, the third relationship including the asset management entity compensating the attorney for providing legal services to the client pursuant to the first relationship.

71. The system of claim 70 wherein the third relationship further includes the attorney referring clients to the asset management entity.

72. The system of claim 70 wherein the computer communications media is further configured to provide information identifying a set of member attorneys having established the third relationship with asset management entity and information identifying a corresponding set of clients having established the second relationship with the asset management entity.

73. The system of claim 70 wherein the computer communications media is further configured to provide secure account information regarding an asset being managed by the asset management entity for the client, the secure account information being accessible to the client, the asset management entity and the attorney providing legal services for the client.

74. The system of claim 70 wherein the computer communications media configured is further configured to provide information to the client and to the attorney concerning services offered by the asset management entity for managing the asset of the client.

75. The system of claim 70 wherein the computer communications media is further configured to provide selected information to the attorney, the selected information including instructional materials to aid the attorney in providing legal services for the client.

76. The system of claim 70 wherein the computer communications media transmits information over a computer network.

77. The system of claim 76 wherein the computer network comprises the Internet.

THIRD PARTY PAYOR METHOD AND SYSTEM FOR DISTRIBUTING FINANCIAL BENEFITS

ABSTRACT OF THE DISCLOSURE

A method and system is provided to distribute benefits to a client, and compensate a first entity, such as an attorney, for providing a first type service to the client. The method includes establishing a relationship between the first entity and the client where the first entity provides a first type of service to the client, the entity being under an obligation not to accept fees for referring the client to a third entity which provides the benefit as a second type of service. The client is referred to the third entity, which provides the benefit and charges a fee to the client for providing the benefit. The third entity compensates the first entity for the first type of services provided to the client from a portion of the fees charged to the client by the third entity. The method complies with ethical rules governing the professional conduct of the first entity.

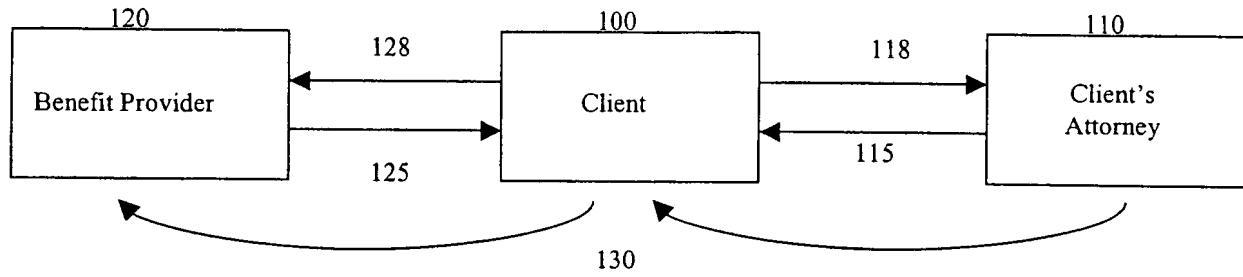


Fig. 1A

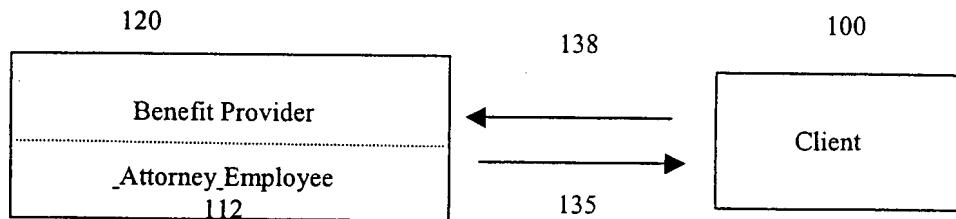


Fig. 1B

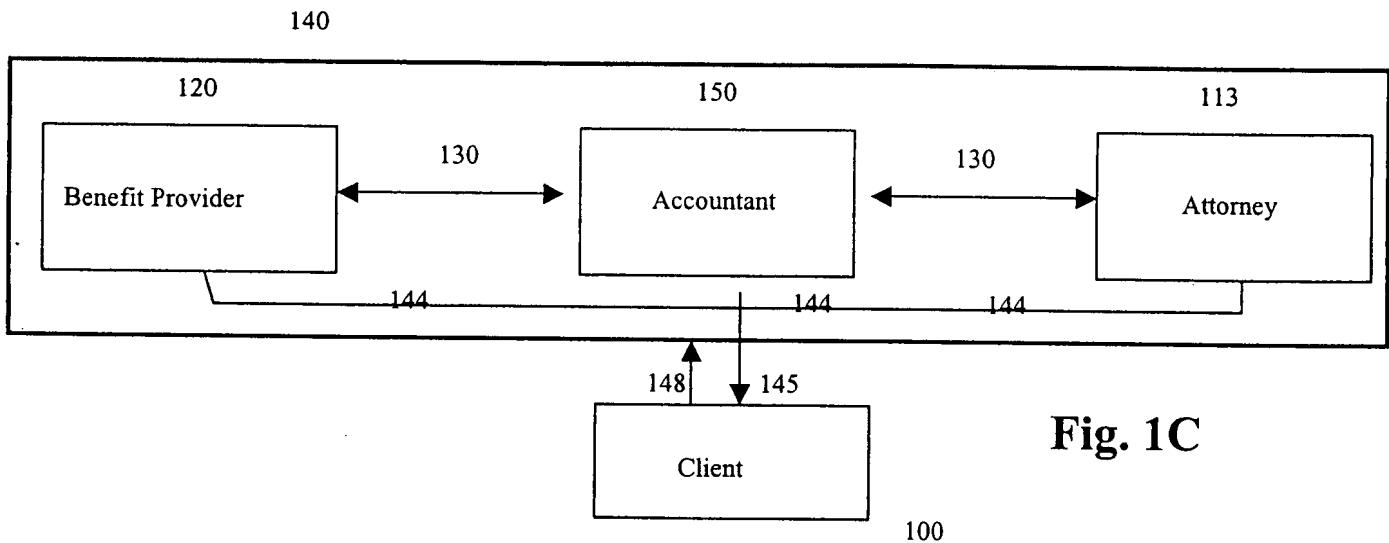
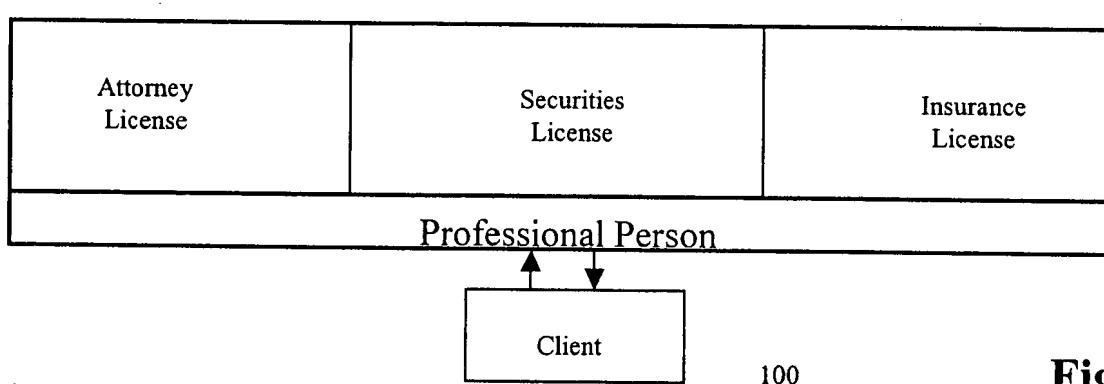


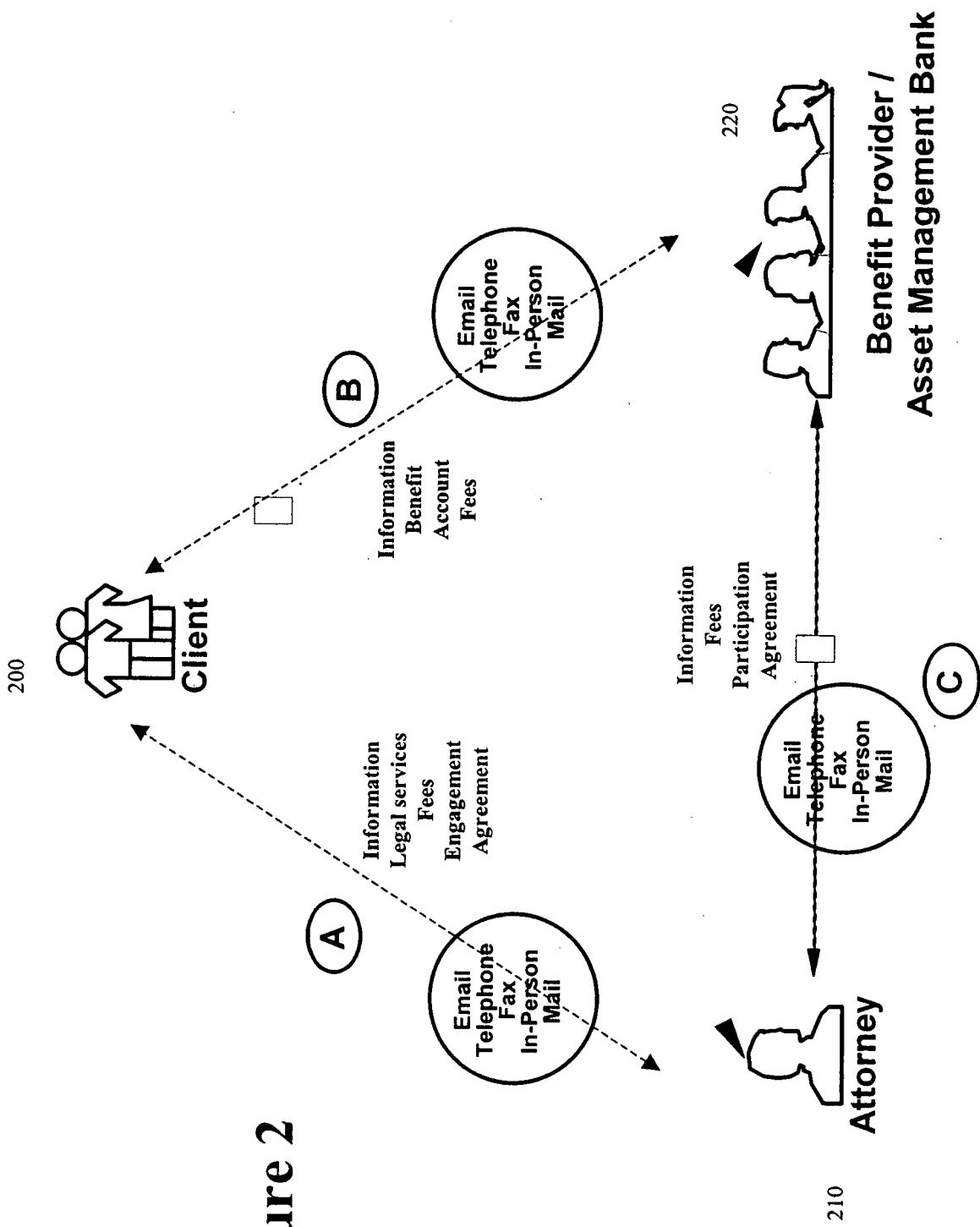
Fig. 1C



(Prior Art)

Fig. 1D

Figure 2



200

Figure 3

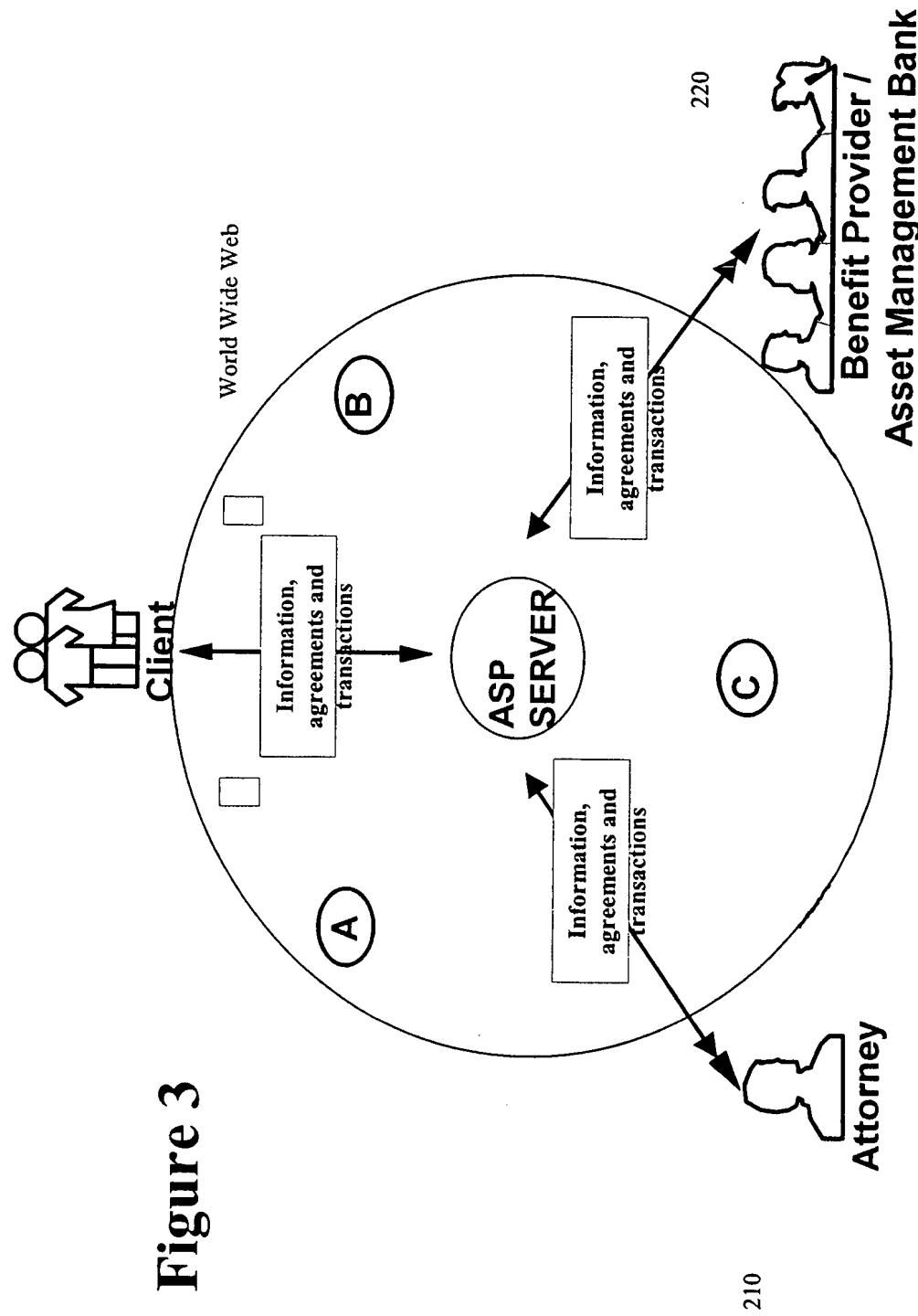


EXHIBIT "B"



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CJ
DORSEY & WHITNEY LLP

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/858,145	05/14/2001	Daniel Prohaska	501009.01	2191
27076	7590	04/19/2007		
DORSEY & WHITNEY LLP INTELLECTUAL PROPERTY DEPARTMENT SUITE 3400 1420 FIFTH AVENUE SEATTLE, WA 98101			EXAMINER	CARLSON, JEFFREY D
			ART UNIT	PAPER NUMBER
			3622	
SHORTENED STATUTORY PERIOD OF RESPONSE		MAIL DATE	DELIVERY MODE	
3 MONTHS		04/19/2007	PAPER	

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

FINAL REJECTION2 mo. Response Due: June 19, 20073 mo. Response Due: July 19, 2007Notice of Appeal Due: October 19, 2007

(6 mo. period ends/3 mo. ext. of time required - will go abandoned)

Office Action Summary	Application No.	Applicant(s)	
	09/858,145	PROHASKA ET AL.	
	Examiner	Art Unit	
	Jeffrey D. Carlson	3622	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 16 January 2007.
- 2a) This action is **FINAL**. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-3,5,6,11-21 and 24-77 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-3,5,6,11-21 and 24-77 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 - a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____. | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

1. Claims 68-77 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

■ Claims 68-69 simply set forth three documents. The content of the documents sets forth agreements between different parties, yet these agreement documents are taken to be nothing more than data per se and represent non-functional descriptive material. Claims 70-77 are rejected for similar reasons even though they appear to set forth content on computer media. In essence, these claims are an electronic equivalent of the problematic agreement documents. These claims are taken to represent documentation of a series of agreements and information useful for implementing the disclosed system, yet there is no apparatus programmed with the capabilities of carrying out the functionalities. See MPEP 2106 IV B 1 b.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 1-3, 5, 6, 11-21 and 24-77 are rejected under 35 U.S.C. 103(a) as being unpatentable over “traditional business model” (applicant admitted prior art).

Applicant provided prior art disclosure as a traditional business model in paragraphs 0004-0005 of the published instant application (US PG Pub 20020023030). In this applicant-admitted prior art, a client retains an attorney for legal services, the attorney refers the client to an asset manager for providing of financial assistance/benefits to the client. Applicant describes that the attorney in most jurisdictions is prevented from receiving fees from the benefit provider or from the client for making the referral. *Inasmuch as pertinent, Examiner notes that the instant invention appears to go against this regulation in that the claimed invention appears to facilitate what amounts to a referral fee from the benefit provider to the attorney. Nonetheless, the challenges presented by current regulatory hurdles in practicing business will not be taken into consideration by the examiner, nor will any success in overcoming or sidestepping such regulation provide a patentable distinction. Rather, the claims will be evaluated for novelty and obviousness with respect to the technology of the present field of endeavor.*

Regarding claim 1, the claim (and others with similar language) is interpreted to provide the following positive limitations: a method for a first entity servicing a second entity, a referred third entity servicing the second entity, the second entity paying the

third entity and the third entity providing compensation to the first entity. Language describing the types or qualities of the entities and language describing why acts are performed do not positively set forth or limit any particular method steps that are carried out and are therefore not taken to limit the claims. The traditional business model provides the three entities and the services, but not necessarily transfer of funds from the third entity to the first. However, applicant admits that referral fees are known, but are against regulation in most (i.e. not all) jurisdictions. It would have been obvious to one of ordinary skill at the time of the invention for the *desire* to send a referral fee from 3 to 1, yet to designate any such compensation as other than a referral fee given the illegalities of such. Therefore it would have been obvious to one of ordinary skill at the time of the invention to have provided funds/value from 3 to 1 in the form of a gift or a dinner or an amount of money without calling it a referral fee. It would have been obvious to one of ordinary skill at the time of the invention to have called such a payment as payment in consideration for the 1st service entity1 provides to entity2. Regarding applicant's language that the compensation "from fees entity3 charges entity2", it would have been obvious to one of ordinary skill at the time of the invention to have paid the compensation using funds earned from any number of sources, including fees from entity2. Depositing entity2's money into an account and then paying entity1 a compensation from this account is taken to read on the claim language of "from fees the third entity charges the second entity". Further, it would have been obvious to one of ordinary skill at the time of the invention for entity2 to pay entity3 with the notion that entity3 pass along at least some of the funds to entity1 for the service

provided by entity1. In many cases, these referring businesses may be good friends, relatives, or work in the same building and entity2 may find it easier to simply pay entity3 with the notion that some of the funds should be disbursed to entity1 for his efforts. Official Notice is taken that it is common for a person owing several people money to pay the entire sum to one of them with instructions for them to disbursed funds to the other deserving recipients. It would have been obvious to one of ordinary skill at the time of the invention to have done so with such a "traditional business model" of attorney and financial consultant for example. Further still it would have been obvious to one of ordinary skill at the time of the invention for entity3 to provide funds from his earnings to entity1 in the situation where entity2 fails to pay entity1 whatsoever. Entity3 may feel it is the right thing to do to at least partially compensate entity1 for his efforts, especially where entity3 has indeed been fairly paid. It would have been obvious to one of ordinary skill at the time of the invention to have made these payments to preserve the goodwill and integrity of the entity1-entity3 relationship or simply because entity3 feels morally compelled to see entity1 gets paid.

Regarding claims 2, 3, 5, 6, 11-21, 37-50, 54, the wide variety of services claimed by applicant are all well known services to provide to a client by way of different service providers. It would have been obvious to pay a compensation between any two types of service providers.

Regarding claims 24-26, 51-53, applicant admits that periodic payments and proportional value payment schemes are known. It would have been obvious to one of

ordinary skill at the time of the invention to have used these with the traditional business model.

Regarding claims 27, 33, 60, it would have been obvious to one of ordinary skill at the time of the invention that any entity can make referrals and/or other payments to any other entity for business purposes.

Regarding claims 28-31, 55-58, 65-67 applicant admits that different entities can enter into affiliated memberships and it would have been obvious to one of ordinary skill at the time of the invention that the entities involved form affiliated relationships so that they can provide team-based servicing. It would have been obvious to one of ordinary skill at the time of the invention that team members provide instructional materials to their clients in order to assist them in understanding the services.

Regarding claims 32, 34, 35, 59, 61, 62, 76, 77, Official Notice is taken that entities that are affiliated in business frequently exchange business information over the Internet by way of remote access to computer systems and by email exchange. It would have been obvious to one of ordinary skill at the time of the invention to have accessed and/or transmitted the business information involved in the proposed business arrangement and services over a network for convenience in order to enable remotely located clients and service entities to conduct business electronically.

Regarding claim 36, 63, a condition cannot limit a method claim. Either the method steps are performed or not. Optional steps or limitations regarding other alternative scenarios do not form part of the performed method steps.

Regarding claim 64, Official Notice is taken that a retiring attorney transfers his clients to another attorney. It would have been obvious to one of ordinary skill at the time of the invention to have transferred the client to another entity when the attorney leaves the affiliated membership or stops practicing law so that the client can continue to receive the needed service.

Regarding claims 68-75, Official Notice is taken that it is well known to draft contracts for business agreements and it would have been obvious to one of ordinary skill at the time of the invention to have documented (on paper and/or electronically) not only the proposed business arrangements between the involved entities and the fees they would pay and receive, but also the assets involved and the details of the services provided as they are rendered.

Response to Arguments

Applicant argues that the claims require a lack of referral fees. Examiner has described how the prior art renders obvious payments from entity3 to entity1 in two ways. The first is in place of a referral fee where rules do not permit and the second is where entity3 is paid for all services and entity3 distributes funds to entity1.

Conclusion

4. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

Art Unit: 3622

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jeffrey D. Carlson whose telephone number is 571-272-6716. The examiner can normally be reached on Mon-Fri 8a-5:30p, (work from home on Thursdays).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber can be reached on (571)272-6724. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Jeffrey D. Carlson
Primary Examiner
Art Unit 3622

jdc



PATENT

I hereby certify that on the date specified below, this correspondence is being deposited with the United States Postal Service as first-class mail in an envelope addressed to Mail Stop Appeal Brief – Patents, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.

November 9, 2007 A. Beggs
Date Alexandra Beggs

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Appl. No. : 09/858,145	Confirmation No. : 2191
Applicant : Thomas Prohaska and Daniel Prohaska	
Filed : May 14, 2001	Attorney Docket No.: 501009.01
Art Unit : 3622	Customer No. : 27,076
Examiner : Jeffrey D. Carlson	
Title : THIRD PARTY PAYOR METHOD AND SYSTEM FOR DISTRIBUTING FINANCIAL BENEFITS	

Mail Stop Appeal Brief – Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

APPELLANT'S BRIEF (37 C.F.R. § 41.37)

Sir:

This brief is in furtherance of the Notice of Appeal filed in this case on September 19, 2007. The fees required under Section 41.20 are dealt with in the accompanying transmittal letter.

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I. REAL PARTY IN INTEREST

The real party in interest in this appeal is the assignee of this application, Wealthbank Corporation., an Idaho Corporation having a principal place of business in Coeur D'Alene, Idaho.

II. RELATED APPEALS AND INTERFERENCES

There are no other appeals or interferences known to Appellant, the Appellant's legal representative, or the Assignee, which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

III. STATUS OF CLAIMS

A. TOTAL NUMBER OF CLAIMS IN APPLICATION

Claims in the application are: 1-3, 5, 6, 11-21, and 24-77.

B. STATUS OF ALL THE CLAIMS

1. Claims canceled: 4, 7-10, 22, and 23.
2. Claims withdrawn from consideration but not canceled: None.
3. Claims objected to: None.
4. Claims allowed or confirmed: None.
5. Claims rejected: 1-3, 5, 6, 11-21, and 24-77.

C. CLAIMS ON APPEAL

The claims on appeal are: 1-3, 5, 6, 11-21, and 24-77.

IV. STATUS OF AMENDMENTS

Appellant's amendment filed January 9, 2007 has been entered.

V. SUMMARY OF CLAIMED SUBJECT MATTER

1. Introduction

The present application is directed toward solving the problem of how a party may compensate, for example, an attorney through a third party for services rendered. An embodiment of the disclosed method of conducting transactions includes three entities or persons. Typically, there are one each of: an attorney, the attorney's client and a third-party service provider. In one embodiment, the attorney provides legal services to the client and also refers the client to the third-party service provider. The third-party service provider then arranges to provide another type service to the client and is paid a fee by the client for doing so. In one embodiment, the third-party service provider manages some of the assets or wealth of the client on an ongoing basis. Once the client pays the fees of the third-party service provider, the provider then pays the attorney for the legal services that were previously rendered to the client. As the relationship between the third-party service provider and the client continues, the attorney will typically continue to advise the client as to matters relating to the management of the assets or wealth. Payment for the legal advice and services dispensed in this capacity will further be paid out of the ongoing fees paid to the service provider for the management of the assets or wealth. It should be noted, however, that the advice and legal services are rendered by the attorney for and at the behest of the client. Said another way, the attorney has a relationship with the client and not with the third-party service provider.

This arrangement for the provision of services, legal and otherwise, as well as payment of fees has several advantages. For example, the relationship between the attorney and the client remain independent of the relationship between the client and the third-party service provider. One advantage of this is that the client is free to use one of their existing attorneys. Also, the attorney may independently evaluate the services provided by the third-party service provider and advise the client accordingly which is of benefit to the client. Lastly, the client has the advantage of paying only one set of fees, to the third-party service provider, for both the legal services rendered by the attorney and those rendered by the service provider. Of course, this arrangement is also beneficial to the attorney because it not only allows them to maintain an

independent practice, but also to benefit from the overall relationship without running afoul of ethics regulations that prohibit receipt of referral fees.

The “traditional business model” of the admitted prior art discloses a very different scheme for distributing legal and financial services to a client. As explained in greater detail below, unlike applicant’s business model, the traditional business model provides no financial benefit to the client and no non-financial benefit to the attorney for the attorney referring the client to the service provider.

Support in the specification for the limitations of the independent claims is pointed out below.

2. Claim 1

Claim 1 is directed to a method of conducting business transactions. *See Specification*, page 1, lines 4-10. The method includes a “first entity providing a first type of service to a second entity[.]” In one embodiment, the first entity provides legal services to a client. *See Specification*, page 7, line 21 – page 8, line 17. The method also includes “the first entity referring the second entity to a third entity for performing a first benefit for the second entity” In an embodiment, the third entity can be, for example, a benefit provider. *See Specification*, page 8, lines 27-29. The first entity refers the second entity to the benefit provider. *See Specification*, page 8, lines 1-4. The “first benefit for the second entity” is the benefit provided to the client by the benefit provider. *See Specification*, page 8, 18-33. The method also provides that the first entity is “not accepting fees for referring the second entity to the third entity[.]” *See Specification*, page 2, lines 29-31. Also, the first entity may “not [perform] the first benefit for the second entity[.]” *See Specification*, page 11, 18-19. The method also includes the step of “the third entity performing the first benefit for the second entity[.]” *See Specification*, page 8, lines 1-4. The method includes the step of “the third entity accepting fees from the second entity for providing the first benefit[.]” *See Specification*, page 8, 18-21. Lastly, the method provides the steps of “the third entity compensating the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit.” *See Specification*, page 9, 5-15.

3. Claim 37

Claim 37 is directed to a method of providing legal services to a client. The method includes the step of “enlisting at least one attorney to provide the legal services to the client[.]” *See Specification*, page 7, line 21 – page 8, line 17. “[T]he at least one attorney [refers] the client to an asset management entity[.]” *See Specification*, page 8, lines 1-4. The method also provides that the attorney is “not accepting fees for referring the client to the asset management entity[.]” *See Specification*, page 2, lines 29-31. “[T]he asset management entity [charges] a fee to the client for managing the asset[.]” *See Specification*, page 8, 18-21. Lastly, the method includes the step of “the asset management entity compensating the attorney for the legal services provided to the client by paying the attorney a portion of the fees the asset management entity charges the client for managing the asset.” *See Specification*, page 9, 5-15.

4. Claim 65

Claim 65 is directed to a third-party compensation method for providing legal services to a client. The method includes the step of “establishing a relationship between an attorney and the client to provide legal services to the client concerning management of an asset owned by the client[.]” *See Specification*, page 7, line 21 – page 8, line 17. “[T]he attorney [refers] the client to an asset management entity to manage the asset of the client[.]” *See Specification*, page 8, lines 1-4. The method also provides that the attorney is “not accepting fees for referring the client to the asset management entity[.]” *See Specification*, page 2, lines 29-31. The method further provides “establishing a relationship between the client and the asset management entity, and, pursuant to the relationship, the asset management entity managing the asset owned by the client and charging a fee to the client for managing the asset[.]” *See Specification*, page 8, 18-21. The method includes the step of “establishing a relationship between the attorney and the asset management entity[.]” *See Specification*, page 9, 5-15. Finally, “pursuant to the relationship between the attorney and the asset management entity, the asset management entity compensating the attorney for legal services provided to the client regarding the asset being managed by the asset management entity, the compensation being

provided from the fees the asset management entity charges the client for the management of the asset.” *See Specification*, page 9, 5-15.

5. Claim 66

Claim 66 is directed to a third-party compensation method for providing legal services to a client. The method includes “providing a network of member attorneys affiliated with an asset management entity[.]” *See Specification*, page 10, lines 27-28. The method includes the step of “the member attorneys providing legal services to clients regarding respective assets owned by the clients[.]” *See Specification*, page 7, line 21 – page 8, line 17. “[T]he member attorneys [refer] clients to the affiliated asset management entity[.]” *See Specification*, page 8, lines 1-4. The method also provides that the member attorneys are “not accepting fees for referring the clients to the affiliated asset management entity[.]” *See Specification*, page 2, lines 29-31. The method further provides “the asset managing entity managing the respective assets of the clients, the asset management entity charging the clients fees for managing the assets[.]” *See Specification*, page 8, 18-21. Finally, the method also provides that “the asset management entity [compensates] each member attorney for the legal services provided by each member attorney to each of the member attorney’s clients having an asset managed by the asset management entity.” *See Specification*, page 9, 5-15.

6. Claim 67

Claim 67 is directed to a third-party compensation method for providing legal services to a client. The method includes the step of “establishing a first relationship between a client and the attorney, the attorney providing legal advice to the client concerning the clients wealth [.]” *See Specification*, page 7, line 21 – page 8, line 17. The method requires the attorney be “not accepting fees for referring the client to a wealth management entity[.]” *See Specification*, page 8, lines 1-4 and page 2, lines 29-31. The method further provides “establishing a second relationship between the client and a wealth management entity, the wealth management entity charging a fee to the client to manage the wealth of the client[.]” *See Specification*, page 8, 18-21. Finally, the method also requires “establishing a third relationship between the wealth management entity and the attorney, the attorney referring the

client to the wealth management entity and the wealth management entity compensating the attorney for legal services provided to the client[.]” *See Specification*, page 9, 5-15.

7. Claim 68

Claim 68 is directed to a system for doing business. The system includes “a first document establishing a first relationship between a client and an attorney, the first document specifying that the attorney will provide legal services to the client[.]” *See Specification*, page 7, line 21 – page 8, line 17 and page 9, lines 23-28. The system also includes “a second document establishing a second relationship between the client and an asset management entity, the second document providing for the asset management entity managing an asset of the client and charging a fee to the client for managing the asset of the client[.]” *See Specification*, page 8, 18-21 and page 9, lines 23-28. Lastly, the system includes “a third document establishing a third relationship between the asset management entity and the attorney, at least one of the first, second and third documents specifying that the asset management entity will compensate the attorney for the legal services provided to the client by the attorney pursuant to the first document from the fee charged to the client pursuant to the second document.” *See Specification*, page 9, 5-15 and page 9, lines 23-28.

8. Claim 70

Claim 70 is directed to a system for doing business comprising computer media configured to communicate information. Such information includes “information establishing a first relationship between a client and an attorney, the information specifying that the attorney will provide legal services to the client[.]” *See Specification*, page 7, line 21 – page 8, line 17 and page 9, lines 23-28. The information also includes “information establishing a second relationship between the client and an asset management entity, the second relationship including the asset management entity charging a fee to the client to manage the assets of the client[.]” *See Specification*, page 8, 18-21 and page 9, lines 23-28. The information also includes “information establishing a third relationship between the asset entity and the attorney, the third

relationship including the asset management entity compensating the attorney for providing legal services to the client pursuant to the first relationship[.]” *See Specification*, page 9, 5-28.

VI. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

The first ground of rejection to be reviewed on appeal is whether claims 68-77 were properly rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

The second ground of rejection to be reviewed on appeal is whether claims 1-3, 5, 6, 11-21 and 24-77 were properly rejected under 35 U.S.C. § 103(a) as being unpatentable over the “traditional business model” of the Applicant’s admitted prior art (‘AAPA’). (*Office Action* dated April 19, 2007, attached hereto as Exhibit B.)

VII. ARGUMENTS

I. Claims 68-77 are directed to patentable subject matter

The Examiner asserts that claims 68 and 69 are directed to non-patentable subject matter because the documents recited within the claims are nothing more than data per se and represent non-functional subject matter. *See Office Action* dated April 19, 2007, page 2. Claims 70-77 stand rejected on similar grounds. *Id.*

Applicant respectfully asserts that claims 68-77 are patentable subject matter because the claims encompass functional material. With regard to claim 68, the documents set forth therein are functional material and not data per se because the documents themselves establish a relationship between entities and this relationship is functional. The relationship that is established by the documents between the client and the attorney, for example, establishes and changes the status of the attorney with respect to the client. This status did not exist prior to the creation of the documents and, therefore, the documents are clearly functional because they have the function of creating that very relationship. Claim 69 is patentable subject matter because of its dependence on claim 68 which is patentable subject matter. Likewise, claim 70, which is directed to such documents on computer media, encompasses “documents” that are in electronic form instead of in paper form. The functional aspects of these documents are no less powerful on computer media because they still have the effect of establishing a binding relationship between, for example, the attorney and the client. Claim 70 is, therefore, patentable subject matter and as such, claims that depend from claim 70, claims 71-77, also comprise patentable subject matter. Because the content of documents set forth in claims 68-77 are functional material, the rejection of these claims under 35 U.S.C. § 101 should be reversed.

II. Claims 1-3, 5, 6, 11-21 and 24-77 are patentable over the AAPA

A. *The Subject Matter of Independent Claims 1, 37, 65, 66, 67, 68 and 70*

Claim 1 reads as follows:

1. A method of conducting transactions, comprising:
a first entity providing a first type of service to a second entity;

the first entity referring the second entity to a third entity for performing a first benefit for the second entity, the first entity not accepting fees for referring the second entity to the third entity and further not performing the first benefit for the second entity;

the third entity performing the first benefit for the second entity, the third entity accepting fees from the second entity for providing the first benefit; and

the third entity compensating the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit.

Claim 37 reads as follows:

37. A method of providing legal services to a client, comprising

enlisting at least one attorney to provide the legal services to the client;

the at least one attorney referring the client to an asset management entity, the at least one attorney not accepting fees for referring the client to the asset management entity, the asset management entity charging a fee to the client for managing the asset, and

the asset management entity compensating the attorney for the legal services provided to the client by paying the attorney a portion of the fees the asset management entity charges the client for managing the asset.

Claim 65 reads as follows:

65. A third-party compensation method for providing legal services to a client, comprising;

establishing a relationship between an attorney and the client to provide legal services to the client concerning management of an asset owned by the client;

the attorney referring the client to an asset management entity to manage the asset of the client, the attorney not accepting fees for referring the client to the asset management entity;

establishing a relationship between the client and the asset management entity, and, pursuant to the relationship, the asset management entity managing the asset owned by the client and charging a fee to the client for managing the asset;

establishing a relationship between the attorney and the asset management entity; and

pursuant to the relationship between the attorney and the asset management entity, the asset management entity compensating the attorney for legal services provided to the client regarding the asset being managed by the asset management entity, the compensation being provided from the fees the asset management entity charges the client for the management of the asset.

Claim 66 reads as follows:

66. A third-party compensation method for providing legal services to clients, comprising:

providing a network of member attorneys affiliated with an asset management entity;

the member attorneys providing legal services to clients regarding respective assets owned by the clients;

the member attorneys referring clients to the affiliated asset management entity, the member attorneys not accepting fees for referring the clients to the affiliated asset management entity;

the asset managing entity managing the respective assets of the clients, the asset management entity charging the clients fees for managing the assets; and

the asset management entity compensating each member attorney for the legal services provided by each member attorney to each of the member attorney's clients having an asset managed by the asset management entity.

Claim 67 reads as follows:

67. A third-party compensation method for providing legal fees to an attorney comprising;

establishing a first relationship between a client and the attorney, the attorney providing legal advice to the client concerning the client's wealth and not accepting fees for referring the client to a wealth management entity;

establishing a second relationship between the client and a wealth management entity, the wealth management entity charging a fee to the client to manage the wealth of the client; and

establishing a third relationship between the wealth management entity and the attorney, the attorney referring the client to the wealth management entity and the wealth management entity compensating the attorney for legal services provided to the client.

Claim 68 reads as follows:

68. A system for doing business comprising:

a first document establishing a first relationship between a client and an attorney, the first document specifying that the attorney will provide legal services to the client;

a second document establishing a second relationship between the client and an asset management entity, the second document providing for

the asset management entity managing an asset of the client and charging a fee to the client for managing the asset of the client; and

a third document establishing a third relationship between the asset management entity and the attorney, at least one of the first, second and third documents specifying that the asset management entity will compensate the attorney for the legal services provided to the client by the attorney pursuant to the first document from the fee charged to the client pursuant to the second document.

Claim 70 reads as follows:

70. A system for doing business comprising computer communications media configured to communicate:

information establishing a first relationship between a client and an attorney, the information specifying that the attorney will provide legal services to the client;

information establishing a second relationship between the client and an asset management entity, the second relationship including the asset management entity charging a fee to the client to manage the assets of the client; and

information establishing a third relationship between the asset entity and the attorney, the third relationship including the asset management entity compensating the attorney for providing legal services to the client pursuant to the first relationship.

B. The Subject Matter of the Applicant's Admitted Prior Art

The “traditional business model” of the admitted prior art discloses method for distributing legal and financial services to a client. With reference to Figure 1A, the client 100 and the attorney 110 have a relationship wherein the attorney provides legal services 115 to the client and the client pays fees 118 to the attorney for rendering these services. In the course of providing the legal services 115 to the client, the attorney makes a referral 130 to the client to retain services from a third-party service provider 120. At this point, the client 100 begins a relationship with a third-party service provider 120. In that relationship, the third-party service provider provides a service or other benefit 125 to the client for which the client pays a fee 128 to the third-party service provider. Once the referral has been made to the client, the attorney is no longer involved and does not benefit in any way from the relationship between the client 100 and the third-party service provider 120. Most clearly, the attorney is paid separately by the third-party service provider rather than by the client for the legal services rendered to the client.

C. Summary of the Rejection

The office action dated April 19, 2007 rejects claims 1-3, 5, 6, 11-21 and 24-77 as being unpatentable under 35 U.S.C. § 103(a) over the “traditional business model” of the Applicant’s admitted prior art.

With respect to claim 1, the Examiner asserts that the funds paid to the first entity comprise a referral fee. That is, the Examiner asserts that providing “funds/value from 3 to 1 in the form of a gift or a dinner or an amount of money without calling it a referral fee” is obvious. *See Office Action* dated April 19, 2007, page 4. Yet, the language of claim 1 clearly requires that “third entity [compensate] the first entity for the first type of service the first entity provides to the second entity[.]” (emphasis added). The first entity is simply being paid for rendering a service and that payment is coming from the third entity and NOT from the client as is disclosed in the AAPA. This claim limitation is not, therefore, taught or suggested by the AAPA. The Examiner appears to be relying on his subjective evaluation of the obviousness of the subject matter of claim 1 rather than what the prior art teaches to one of ordinary skill in the art.

Such reliance is misplaced, however, since the compensation provided to entity 1 by entity 3 is not a “referral fee” for at least two reasons. First, the plain language of amended claim 1 states that the compensation is for “the first type of service the first entity provides to the second.” Compensating the first entity for that service is not a “referral” fee under any definition of the word referral since it was expressly for “the first type of service” rather than for referring the second entity to the third entity. Said another way, the compensation is for the service and not for the referral. In fact, if the first entity does not perform any service to the second entity, the first entity will not receive any fee despite the existence of the referral. Second, claim 1 has been amended to claim the method action of entity 1 “referring” entity 2 to entity 3 while expressly limiting that action such that entity 1 is expressly “not accepting fees for referring the second entity to the third entity.” This limitation positively limits the act of “referring” and, therefore, limits the claim. Contrary to the position of the Examiner, there is, therefore, no “referral fee.” Without a referral fee, the knowledge of one of ordinary skill with respect to “referral fees” is not relevant for obviousness analysis.

Moreover, the Examiner has failed to establish a *prima facie* case of obviousness because the Examiner has not shown a suggestion or motivation to modify the AAPA to arrive at the *particular* solution embodied by the claims. Obviousness cannot be established by combining references “without also providing evidence of the motivating force which would impel one skilled in the art to *do what the patent applicant has done.*” *See Ex parte Levengood*, 28 USPQ2n 1300, 1302 (Bd. Pat. App. & Inter. 1993) (emphasis added). The Examiner contends that the compensation is a “referral fee” where the parties have arranged to designate the compensation as something other than a referral fee and that such is obvious in light of the illegality of referral fees. Even if this contention is true, the Examiner has not shown that the claimed invention is *itself* obvious. At most, the Examiner has shown that it would be “obvious to try” to compensate an attorney for making a referral in a manner that is not illegal due to the natural desire of persons to avoid illegal activities. Said another way, although it may be “obvious to try” to invent a method of doing business that avoids illegal actions, the Examiner has not shown that this particular solution as embodied by the claims is *itself* obvious.

Similar arguments apply to independent claims 37, 65, 66, 67, 68 and 70. In particular, claim 37 requires “the asset management entity compensating the attorney for the

legal services provided to the client.” Claim 65 requires “the asset management entity compensating the attorney for legal services provided to the client.” Claim 66 requires “the asset management entity compensating each member attorney for the legal services provided by each member attorney to each of the member attorney’s clients.” Claim 67 requires “the wealth management entity compensating the attorney for legal services provided to the client.” Claim 68 requires “the asset management entity will compensate the attorney for the legal services provided to the client.” And finally, claim 70 requires “the asset management entity compensating the attorney for providing legal services to the client.” Because the Examiner has failed to establish a *prima facie* case of obviousness with respect to claims 1, 37, 65, 66-68 and 70, these claims, and claims depending therefrom are patentable over the “traditional business model” and the obviousness rejection should be reversed.

VIII. CLAIMS APPENDIX

The text of the claims involved in the appeal are:

1. A method of conducting transactions, comprising:

a first entity providing a first type of service to a second entity;

the first entity referring the second entity to a third entity for performing a first benefit for the second entity, the first entity not accepting fees for referring the second entity to the third entity and further not performing the first benefit for the second entity;

the third entity performing the first benefit for the second entity, the third entity accepting fees from the second entity for providing the first benefit; and

the third entity compensating the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit.

2. The method of claim 1 wherein the first benefit comprises a second type of service performed by the third entity for the second entity.

3. The method of claim 2 wherein the first entity comprises an attorney, the second entity comprises a client, and the first type of service comprises legal services.

4. (Cancelled)

5. The method of claim 3 wherein the third entity comprises an asset manager, the second type of service comprises managing assets owned by the second entity, and the legal services comprise counseling the client regarding the assets managed by the asset manager.

6. The method of claim 3 wherein the legal services comprise a wealth or estate planning service.

7-10. (Cancelled)

11. The method of claim 2 wherein the second type of service comprises an asset management service managing assets owned by the second entity.

12. The method of claim 2 wherein the second type of service comprises a banking service managing an account for the second entity.

13. The method of claim 2 wherein the second type of service comprises a securities brokerage service for investments owned by the second entity.

14. The method of claim 2 wherein the second type of service includes management of a fiduciary instrument and the third entity is a fiduciary or agent of the fiduciary and the second entity is the grantor or beneficiary of the fiduciary instrument.

15. The method of claim 14 wherein the fiduciary instrument comprises a trust.

16. The method of claim 14 wherein the fiduciary instrument comprises a conservatorship.

17. The method of claim 14 wherein the fiduciary instrument comprises an executorship.

18. The method of claim 2 wherein the second type of service comprises insurance brokering services for an insurance policy involving the second entity.

19. The method of claim 2 wherein the second type of service comprises a real estate brokering service for real estate owned by the second entity.

20. The method of claim 2 wherein the second type of service comprises a personal property brokering service for personal property owned by the second entity.

21. The method of claim 2 wherein the second type of service comprises a property management service for a lease on real or personal property owned by the second entity.

22-23. (Cancelled)

24. The method of claim 1 wherein the first type of service is provided to the second entity on a periodic basis and the first entity is compensated on a periodic basis over a period of time that the benefit is being provided by the third entity.

25. The method of claim 1 wherein the first entity is compensated as a proportion of the value of the benefit provided to the second entity by the third entity.

26. The method of claim 1 wherein the first entity is compensated from fees charged by the third entity for providing the benefit over a period of time.

27. The method of claim 1 wherein the first entity is selected by the second entity, and the method further comprises the third entity referring the first entity to the second entity.

28. The method of claim 1, further comprising the third entity providing a membership affiliation with a plurality of first entity members, each first entity member referring at least one of the second entities to the third entity.

29. The method of claim 28 wherein the membership affiliation comprises an agreement between the first entity and the third entity, the agreement providing that the first entity is required to provide a defined amount of the first type of services for the second entity over a defined period of time.

30. The method of claim 28, further comprising the third entity providing an affiliated first entity member with instructional materials regarding the benefit provided by the third entity.

31. The method of claim 28 further comprising the third entity providing an affiliated first entity with instructional materials regarding the first type of services provided by the first entity.

32. The method of claim 28, further comprising the third entity providing the first entity member with secure access to an account that includes periodically updated information concerning the benefit provided by the third entity to each second entity that the first entity refers to the third entity.

33. The method of claim 28, further comprising the third referring prospective second entities seeking the first type of service to affiliated first entities.

34. The method of claim 28 wherein the membership affiliation is provided over a computer network.

35. The method of claim 32 wherein the computer network comprises the Internet.

36. The method of claim 28 wherein the affiliation of each first entity member is conditioned on there being at least one second entity to which the first entity has provided or will provide the first type of service with respect to the benefit provided by the third entity, the benefit provided by the third entity being conditioned on the second entity receiving the first type of services from the first entity.

37. A method of providing legal services to a client, comprising
enlisting at least one attorney to provide the legal services to the client;
the at least one attorney referring the client to an asset management entity, the at least one attorney not accepting fees for referring the client to the asset management entity, the asset management entity charging a fee to the client for managing the asset, and
the asset management entity compensating the attorney for the legal services provided to the client by paying the attorney a portion of the fees the asset management entity charges the client for managing the asset.

38. The method of claim 37 wherein the legal services comprise estate planning services.

39. The method of claim 37 wherein the asset management entity provides a banking service for managing a financial investment owned by the client.

40. The method of claim 37 wherein the asset management entity provides a securities brokerage service for securities investment owned by the client.

41. The method of claim 37 wherein the asset management entity provides a banking service for an account owned by the client and managed by the banking service.

42. The method of claim 37 wherein the asset management entity manages a fiduciary instrument as a fiduciary or agent of a fiduciary and the client is a grantor or beneficiary of the fiduciary instrument.

43. The method of claim 42 wherein the fiduciary instrument comprises a trust instrument.

44. The method of claim 42 wherein the fiduciary instrument comprises a conservatorship instrument.

45. The method of claim 42 wherein the fiduciary instrument comprises an executorship.

46. The method of claim 37 wherein the asset management entity provides insurance services for an insurance policy involving the client.

47. The method of claim 37 wherein the asset management entity provides a real estate management service for real estate owned by the client.

48. The method of claim 37 wherein the asset management entity provides personal property management services for personal property owned by the client.

49. The method of claim 37 wherein the asset management entity provides property management service for real or personal property owned by the client.

50. The method of claim 37 wherein the compensation paid to the attorney includes compensation for legal services provided to the client prior to referring the client to the asset management entity.

51. The method of claim 37 wherein the legal services are provided to the client on a periodic basis and the attorney is compensated on a periodic basis over a period of time that the asset is managed by the asset management entity.

52. The method of claim 37 wherein the attorney is compensated by the asset management entity in proportion to the value of the asset being managed by the asset management entity.

53. The method of claim 37 wherein the attorney is compensated from fees charged by the asset management entity for managing the asset over a period of time.

54. The method of claim 37 wherein the attorney is selected by the client, and the asset management entity is referred to the client by the attorney.

55. The method of claim 37 wherein the asset management entity provides a membership affiliation with a plurality of member attorneys, each member attorney referring the services of the asset management entity to at least one client.

56. The method of claim 55 wherein the membership affiliation includes an agreement between the attorney and the asset management entity, the agreement providing that the attorney is required to provide a defined amount of legal services to the client over a defined period of time.

57. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with instructional materials regarding the services available from the asset management entity.

58. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with instructional materials regarding the legal services provided being provided to the client.

59. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with secure access to an account that includes periodically updated information concerning the asset managed by the asset management entity to each client that the attorney refers to the asset management entity.

60. The method of claim 55, further comprising the asset management entity referring prospective clients to a member attorney to provide legal services regarding the asset managed by the asset managing entity.

61. The method of claim 55 wherein the membership affiliation is provided over a computer network.

62. The method of claim 61 wherein the computer network comprises the Internet.

63. The method of claim 55 wherein the affiliation of each attorney member is conditioned on there being at least one client of the member attorney member with an asset being managed by the asset management entity, and wherein management of the asset by the asset management entity is conditioned on the client receiving legal services by an affiliated member attorney.

64. The method of claim 63, further comprising transferring the asset of the client under management by the asset management entity to another entity selected by the client if the

client ceases to receive legal services from the member attorney or the member attorney ceases to be affiliated with the asset management entity.

65. A third-party compensation method for providing legal services to a client, comprising;

establishing a relationship between an attorney and the client to provide legal services to the client concerning management of an asset owned by the client;

the attorney referring the client to an asset management entity to manage the asset of the client, the attorney not accepting fees for referring the client to the asset management entity;

establishing a relationship between the client and the asset management entity, and, pursuant to the relationship, the asset management entity managing the asset owned by the client and charging a fee to the client for managing the asset;

establishing a relationship between the attorney and the asset management entity; and

pursuant to the relationship between the attorney and the asset management entity, the asset management entity compensating the attorney for legal services provided to the client regarding the asset being managed by the asset management entity, the compensation being provided from the fees the asset management entity charges the client for the management of the asset.

66. A third-party compensation method for providing legal services to clients, comprising:

providing a network of member attorneys affiliated with an asset management entity;

the member attorneys providing legal services to clients regarding respective assets owned by the clients;

the member attorneys referring clients to the affiliated asset management entity, the member attorneys not accepting fees for referring the clients to the affiliated asset management entity;

the asset managing entity managing the respective assets of the clients, the asset management entity charging the clients fees for managing the assets; and

the asset management entity compensating each member attorney for the legal services provided by each member attorney to each of the member attorney's clients having an asset managed by the asset management entity.

67. A third-party compensation method for providing legal fees to an attorney comprising;

establishing a first relationship between a client and the attorney, the attorney providing legal advice to the client concerning the clients wealth and not accepting fees for referring the client to a wealth management entity;

establishing a second relationship between the client and a wealth management entity, the wealth management entity charging a fee to the client to manage the wealth of the client; and

establishing a third relationship between the wealth management entity and the attorney, the attorney referring the client to the wealth management entity and the wealth management entity compensating the attorney for legal services provided to the client.

68. A system for doing business comprising:

a first document establishing a first relationship between a client and an attorney, the first document specifying that the attorney will provide legal services to the client;

a second document establishing a second relationship between the client and an asset management entity, the second document providing for the asset management entity managing an asset of the client and charging a fee to the client for managing the asset of the client; and

a third document establishing a third relationship between the asset management entity and the attorney, at least one of the first, second and third documents specifying that the asset management entity will compensate the attorney for the legal services provided to the client by the attorney pursuant to the first document from the fee charged to the client pursuant to the second document.

69. The system of claim 68, wherein the third document provides for the referral by the attorney of clients to a asset management entity.

70. A system for doing business comprising computer communications media configured to communicate:

information establishing a first relationship between a client and an attorney, the information specifying that the attorney will provide legal services to the client;

information establishing a second relationship between the client and an asset management entity, the second relationship including the asset management entity charging a fee to the client to manage the assets of the client; and

information establishing a third relationship between the asset entity and the attorney, the third relationship including the asset management entity compensating the attorney for providing legal services to the client pursuant to the first relationship.

71. The system of claim 70 wherein the third relationship further includes the attorney referring clients to the asset management entity.

72. The system of claim 70 wherein the computer communications media is further configured to provide information identifying a set of member attorneys having established the

third relationship with asset management entity and information identifying a corresponding set of clients having established the second relationship with the asset management entity.

73. The system of claim 70 wherein the computer communications media is further configured to provide secure account information regarding an asset being managed by the asset management entity for the client, the secure account information being accessible to the client, the asset management entity and the attorney providing legal services for the client.

74. The system of claim 70 wherein the computer communications media configured is further configured to provide information to the client and to the attorney concerning services offered by the asset management entity for managing the asset of the client.

75. The system of claim 70 wherein the computer communications media is further configured to provide selected information to the attorney, the selected information including instructional materials to aid the attorney in providing legal services for the client.

76. The system of claim 70 wherein the computer communications media transmits information over a computer network.

77. The system of claim 76 wherein the computer network comprises the Internet.

IX. EVIDENCE APPENDIX

1. Specification, filed May 14, 2001 attached hereto as Exhibit A.
3. Office Action dated April 19, 2007 attached hereto as Exhibit B.

X. RELATED PROCEEDINGS APPENDIX

None.

XI. CONCLUSION

For all of the reasons stated above, the rejection of claims 1-3, 5, 6, 11-21, and 24-77 should be reversed.

Respectfully submitted,

DORSEY & WHITNEY LLP



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CAH:

Enclosures:

- Postcard
- Check
- Fee Transmittal (+ copy)
- Appeal Brief Transmittal (+copy)
- Exhibits A & B

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EXHIBIT "A"



EXPRESS MAIL NO.: EL673946666US

THIRD PARTY PAYOR METHOD AND SYSTEM FOR DISTRIBUTING FINANCIAL BENEFITS

CROSS REFERENCE TO RELATED APPLICATIONS

This application claims the benefit of U.S. provisional application number 60/203,730, filed May 12, 2000, which is incorporated herein by reference.

TECHNICAL FIELD

This invention relates generally to the field of business methods and more particularly to methods of providing a benefit from a benefit provider, such as an asset management entity, to an entity such as a client, while also providing a service to the client, such as a legal service, from a separate service provider, where the service provider is compensated by the benefit provider under a third-party payor method that complies with the ethical and statutory rules governing the conduct of the service provider.

BACKGROUND OF THE INVENTION

Benefit management is an important component to successful maintenance and transmission of wealth, especially wealth accumulated by individuals. A benefit includes anything of value, such as an asset or investment that is provided to a person (or designee of the person) for which the person is willing to pay a fee to obtain or manage. Wealth is typically managed by being distributed into a variety of benefits with the help of the services provided by one or more professional entities. A person that uses such services becomes a client of each entity providing a service. Clients traditionally have relied on legal services provided by attorneys to help implement a wealth management or estate planning plan. The attorney's service to the client is a counseling relationship that takes into consideration the client's personal goals, the tax consequences and inter relationship between various investments and instruments viewed in light of a variety of legal issues that can affect realization of the individual's goal. Attorneys usually become trusted advisers of their clients because unlike other service professionals, an attorney is privy to a multitude of personal confidences of the client. In providing wealth planning services, the attorney might refer the client to the

services of benefit providers, such as accountants or asset managers, who are authorized to render services related to financial matters, or to other benefit providers such as a securities broker, a banking institution or other entity authorized to provide specific types of financial vehicles related to specific classes of benefits. Typically, these other entities are not able to provide (or are prevented by governmental rules from providing) advice that is strictly legal in nature. Moreover, certain instruments for conveying assets, such as wills, trusts and estates, are legal in nature, and cannot be prepared by the benefit provider although such instruments may include benefits that are managed by the same.

The traditional business model for distributing benefits and legal services to a client may be designated the independent referral model, which is illustrated in Figure 1A. A client 100 establishes a relationship with an attorney 110 who provides legal services 115 to the client in return for a fee 118. In the case of wealth management services, the attorney 110 would typically recommend that the client 100 retain an entity to provide a benefit, such as asset management, 125 and would often make specific referrals 130 to use the services of a particular benefit provider/asset manager 120. The client 100 would then establish an independent relationship with the benefit provider 120 whose services include, for example, providing and/or managing an asset 125 for the client, so that the client 100 receives a benefit 126 resulting from the management. The benefit provider 120 performs these services in return for another fee 128. Typically, fees 128 charged by the benefit provider are paid by the client on a periodic basis, for example, monthly, quarterly or annually, with the amount of the fee often being proportionate to the value of the benefit provided or asset managed. Thus, the benefit provider 120 obtains an ongoing revenue stream from the client 100 based on the value of the benefit or asset for as long as the benefit or asset is managed by the benefit provider 120.

In contrast, the attorney 110, who is often principally responsible for designing the overall wealth planning plan for the client 100, might only receive the initial fee 118 for rendering the initial planning services 115. The rules governing the conduct of attorneys in most jurisdictions prevent attorneys from receiving fees from the benefit provider 120 or from the client 100 for making the referral. Accordingly, the benefit provider 120 receives a continuous, and potentially large revenue stream 128 that

originated from the expertise in wealth planning initially provided by the attorney 110 as well as the benefit of the referral by the attorney. In addition, the client 100 is required to pay two separate fees (118 and 128) to obtain the legal services 115 of the attorney 110 and the benefit 125 from the benefit provider 120. Therefore, in this
5 referral model, the role played by the attorney 110 provides a long-term financial benefit to both to the client 100 and the benefit provider 120. Although the client 100 pays the fee 118 for this service 115, the benefit provider 120 receives the benefit of the referral 130 from the attorney 110 free-of-charge.

A second model for providing a benefit to a client 100 using the expertise of an
10 attorney 110 is the attorney-employee model currently practiced by several accounting and brokerage firms, which is illustrated in Figure 1B. In this model, the benefit provider 120 hires attorney-employees 123 to provide similar services 113 to the client 100 as the services 115 provided by an independent attorney 110 in designing a plan to manage the client's wealth. The attorney serving in this capacity is a representative of
15 the benefit provider and not the client. In using the services 113 of the employee attorney 123, the client 100 loses the benefit of having an independent counselor. Also, the attorney-employee model shown in Figure 1B produces competition between the benefit provider 120 and independent attorneys 110, particularly in the field of wealth planning services. Yet it may be in the best interest of the client 100 for the attorney
20 110 to refer the client 100 to the benefit provider 120. In addition, the accounting firm or other benefit provider 120 charges fees for both planning services for and providing or managing the client's benefits , which the independent attorney is prevented from doing when the management of benefits or assets is provided by another party. This makes it difficult for independent attorneys to be compensated on par with those that
25 provide essentially identical services but who are not under an obligation that prevents them from accepting fees for providing the dual services of planning and management.

A third model designed to bring the professional services of a benefit provider 120 and an attorney 147 into one business is the Multi-Disciplinary Practice (MDP) 140, which is illustrated in Figure 1C. The MDP 140 is a partnership, corporation, or
30 other legal entity formed between a benefit provider 120, an attorney 147 or group of attorneys, or other professionals such as accountants 150. The client 100 can ostensibly obtain a suite of professional services from each of the separate disciplines associated

- with the MDP 140 in exchange for a fee 145 that includes the separate fees 144 from each service provided. Each of the professional services provided by the MDP 140 is governed by the ethical and statutory requirements for that discipline. The potential attraction of the MDP 140 is that any one service provider 147, 120 or 150 operating 5 within the MDP 140 may refer clients to another service provider within the MDP 140 while the overall profits of the MDP 140 are shared between various disciplines. The MDP model, however, has numerous problems that make it impractical and/or otherwise undesirable. Currently, few jurisdictions permit attorneys to form business partnerships with non-attorneys, so MDPs 140 cannot be formed in many places.
- 10 Where such practices can be formed, they face strict structural and regulatory rules that increase liability and the cost of providing services. Also, to be competitive, MDPs require a certain “critical mass” of professional service providers to form the entity. Obtaining such a critical mass is impractical for smaller law firms, banks and accounting firms that serve many communities in the United States.
- 15 A fourth model for distributing legal services and benefits to clients is the multiply-licensed professional model, which is illustrated in Figure 1D. This model include a multiply-licensed professional 160 who is a professional licensed to practice in one discipline that also obtains a separate license to practice in a different discipline. For example, an attorney may obtain a real estate license, a securities broker’s license,
- 20 an insurance license or the like. Each professional service is independent of the other services although a single person is licensed to practice in each discipline. The multiply-licensed professional 150 is separately subject to the ethical rules governing each discipline. These ethical rules may at times conflict. They also might require the multiply-licensed professional 150 to create two or more separate entities and may
- 25 prohibit sharing space, advertising costs or administrative personnel between entities. It is often more desirable for an attorney to close his or her legal practice altogether rather than risk violating the ethical rules of professional conduct when operating under separate professional licenses. Again, this model is not desirable to many attorneys that prefer to continue the practice of law.
- 30 Each of the foregoing business models may fail to provide satisfactory results for a large number of clients and attorneys. Clients may not have the ability to use their existing attorney as a counselor to manage the client’s benefits without having to pay

additional fees. There maybe little or no oversight of the benefits being managed by the benefit provider when there is no independent attorney overseeing the benefits under management. In addition, many attorneys, especially those that are skilled in wealth planning services are faced with the "if you can't beat them join them" dilemma of 5 having to give up their existing legal practices and enroll with a benefit provider if the attorney cannot compete economically with other benefit providers providing similar wealth planning services. A new business model is needed to overcome these problems.

BRIEF SUMMARY OF THE INVENTION

- 10 There is a need in the art to provide a method that allows attorneys (or other professional entity under an obligation to not accept fees for referral services) to continue to provide services related to a benefit provided to their clients, and to be compensated for those services while the actual provision or management of the benefit is referred to another entity.
- 15 Provided herein are methods and systems to provide a benefit to a client under third party payor compensation system where the client uses at least two types of services to obtain a benefit and pays a single fee for the distinct types of services in compliance with an ethical rule, license requirement or governmental statute governing the conduct of the entity being compensated by the third party. In one embodiment, the 20 method includes establishing a first relationship between a client and an attorney, the attorney providing legal services to the client concerning the client's benefits and being under an obligation to not accept fees for referring the client to a benefit provider. A second relationship is established between the client and a benefit provider, the benefit provider charging a fee to the client to manage the assets of the client. A third 25 relationship is established between the benefit provider and the attorney, the attorney referring the client to the benefit provider and the benefit provider compensating the attorney for legal services provided to the client, the compensation received by the attorney being in compliance with rules governing the ethics of the practice of law. In preferred embodiments, the benefit is an asset or asset management service and the 30 benefit provider is a bank, trust company, broker or other financial services entity.

The method is generally applicable to providing services and benefits to any entity seeking a service and a benefit and is applicable to service provider entities other than attorneys, and to benefits other than asset management. In a more general embodiment, the method includes a first entity providing a first type of service to a second entity, the first entity being able to accept fees for the first type of service but under an obligation not to accept fees for providing a first benefit to the second entity and/or for making a referral to a third entity that provides the first benefit to the second entity. The second entity may be a client, customer or other entity seeking services and benefits. The first entity may be any entity that provides the first type of service. The third entity may be any entity that provides the first benefit sought by the second entity. The method also includes a third entity providing the first benefit for the second entity, the third entity being able to accept fees from the second entity for providing the first benefit. The method still further includes providing a third entity that compensates the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit. In certain embodiments, the first entity may refer the second entity to the third entity. In yet other embodiments, the third entity may refer the first entity to the second entity. In any case, the third party payor system establishes a set of relationships between the entities, the services and the benefits provided in a manner that complies with the ethical obligations of the entities being compensated.

Also provided are document and electronically based systems for establishing the relationships necessary to provide the third-party payor method and for distributing the benefits and services. These and other embodiments of the invention may be more fully understood by reference the following detailed description.

25

BRIEF DESCRIPTION OF THE DRAWINGS

Figure 1A is a schematic diagram that illustrates an independent referral method of the prior art for providing benefits and legal services to a client.

Figure 1B is a schematic diagram that illustrates an attorney-employee method of the prior art.

Figure 1C is a schematic diagram that illustrates a Multi-Disciplinary-Practice method of the prior art.

Figure 1D is a schematic diagram that illustrates a multiply-licensed professional method of the prior art.

5 Figure 2 is a schematic diagram that illustrates one embodiment of a third party compensation method provided herein.

Figure 3 is a schematic diagram that illustrates a computer based embodiment of the method of the present invention.

DETAILED DESCRIPTION OF THE INVENTION

10 As mentioned in the foregoing summary, the methods and systems provided herein are applicable to a variety of relationships between a client, a first entity that provides a first service for the client, and a third-party entity that provides or manages a benefit of the client. To better aid in understanding the invention, the following detailed description is made with reference to embodiments where first entity providing
15 the first service is an attorney providing a legal services, particularly wealth planning services (e.g. estate planning), and the third-party entity, the benefit provider, is a banking entity that provides investment vehicles and related advisory services for managing the assets of a client. However, it will be understood that this embodiment is for example purposes only, and that the method and systems provided herein can be
20 applied to a wide variety of three party relationships.

Figure 2 illustrates various features of this embodiment. One or more clients 200 enter into a relationship A with an attorney 210. The attorney client relationship A is an independent relationship between the client 200 and the attorney 210. The client 200 selects the attorney 210 to provide legal advice and usually has a preexisting
25 relationship with he attorney 210. This relationship involves a two-way exchange of information concerning the client's personal and financial needs and legal services to aid in fulfilling those needs. In a preferred practice, the legal services provided by the attorney 210 relate to managing the client's wealth in an estate planning practice. As part of the service, the attorney 210 makes recommendations, reviews documents,
30 prepares legal instruments and otherwise devises a plan to fulfill the particular needs of the client 200.

This first relationship between the attorney 210 and client 200 includes an engagement agreement that comports with the ethical rules governing attorney conduct, including a disclosure that the attorney 210 may recommend a particular benefit provider 220 to manage benefits on behalf of the client 200. A form of the engagement
5 agreement may be provided as a document from the benefit provider 220. The engagement agreement discloses that the attorney 210 will provide ongoing counseling to the client 200 regarding the management of those client's benefits and that the fees for those ongoing services performed by the attorney 210 will be paid from the benefit provider 220 under a defined schedule. The agreement specifies that the services
10 provided by the attorney 210 will remain confidential between the attorney 210 and the client 200, unless disclosure is consented to by the client 200. The attorney 210 retains a duty of loyalty to the client 200 as required by the ethical rules governing the conduct of the attorneys. This includes the duty to represent the client's interest where it may depart from the interest of the benefit provider 220. If the client 200 elects to use the
15 benefit provider 220 recommended by the attorney 210, the engagement agreement between the attorney 210 and client is filed with the benefit provider 220 to document that the first relationship has been established.

The second relationship B is established between the client 200 and the benefit provider 220 where information and services for managing the benefits provided to the
20 client 200 are exchanged between these parties in return for a fee to be paid to the benefit provider 220. The type of benefits to be managed by the benefit provider 220 preferably includes those recommended by the attorney 210, but may include other benefits independently recommended by the benefit provider 220 in light of the plan devised between the attorney 210 and the client 200. For example, the attorney 210
25 might generally recommend benefits such as a trust fund, securities investment, a real estate investment, a cash asset account and the like. The benefit provider 220 in turn, might recommend a particular distribution of financial products into which to invest the funds of the trust, and/or recommends particular securities or mutual funds that comport with the plan. The client 200 may further consult with attorney 210 regarding the recommendations of the benefit provider 220. If the client 200 elects use the services of the benefit provider 220 these parties review, execute and file an account agreement with the benefit provider 220. The account agreement documents that the second
30

relationship has been established and an account is provided for the client 200 by the benefit provider 220 to manage the benefits to be provided. The client 200 and/or the benefit provider 220 notifies the attorney 210 that the second relationship has been established.

5 A third relationship C is then established between the benefit provider 220 and the attorney 210. This relationship includes a participation agreement that is produced, reviewed and executed between the attorney 210 and the benefit provider 220. This agreement typically provides that the attorney 210 will perform a minimum set of legal services to independently advise the client 200 about the benefits being managed by the
10 benefit provider 220. The agreement also includes a compensation plan specifying that the attorney 210 will be compensated for the legal services provided to the client 200 under the terms of the engagement agreement between the client 200 and the attorney 210, the compensation for such services being provided from the fees charged to the client 200 by the benefit provider 220. The participation agreement documents that the
15 third relationship has been established.

 The benefit provider 220 preferably provides the attorney 210 with access to the client's benefit account to allow the attorney 210 to oversee the performance of the account and to properly advise the client 200. The benefit provider 220 may also provide the attorney 210 with information concerning the benefit management services
20 available from the benefit provider 220. In addition, the benefit provider 220 may also provide the attorney 210 with proprietary information or other instructional materials related to serving the legal needs of clients 200.

 It will be understood that the relationship between the attorney 210 and benefit provider 220 may differ from that described above. In the embodiment shown in Figure
25 2, the relationships A, B and C between the client 200, attorney 210, and benefit provider 220 are established and maintained through the creation of documents and exchange of information through communication channels 225 such as telephone, facsimile, in-person meetings and mail. In a preferred embodiment, the relationships A, B, C are established through electronic communication channels utilizing computer
30 communication medium. Figure 3 illustrates this embodiment for providing benefits to a client 200 using the third party payor system. This embodiment, like the embodiment described in Figure 2 is based on establishing three independent relationships, i.e.,

- between the client 200 and attorney 210, the client 200 and benefit provider 220, and the attorney 210 and the benefit provider 220. This embodiment is implemented by providing the necessary information for establishing the relationships on computer readable medium, preferably over a network such as the Internet or World Wide Web.
- 5 In one practice of this embodiment, rather than providing hard-copy documents for establishing the relationships, the relationships are established by electronic communication. In a typical practice, an application service provider (ASP) provides the information on computer readable medium via a server computer. The client 200, the benefit provider 220 and the attorney 210 each communicate information by a carrier wave from local computers distributed at various places to one or more server computers.
- In certain embodiments, the computer communication medium includes computer readable medium configured to provide information identifying the set of member attorneys that have established the third relationship with benefit provider 220.
- 10 This information may be stored for example, in the form of a database that also includes information identifying the corresponding set of clients for each member attorney 210 that has established a relationship with the benefit provider 220. In still other embodiments the computer communications medium is further configured to provide secure account information regarding the client's account being managed by the benefit provider 220 for the client 200. In this practice, the account information is accessible to the client 200, the benefit provider 220 and the attorney 210. In addition, the ASP embodiments may further provide information to the client 200 and to the attorney 210 concerning services offered by the benefit provider 220 for managing the benefit of the client 200. Also, the ASP may transmit certain selected information to the attorney 210 such as, for example, instructional materials to aid the attorney 210 in providing legal services for the client 200.

The third party compensation method provided herein provides for the affiliation of a plurality of member attorneys 210 with a benefit provider 220. This membership of attorneys provides a network to distribute benefits provided by the benefit provider 220. An attorney becomes an affiliated member only if the attorney refers the service of the benefit provider 220 to at least one client 200 and the client 200 accepts the service provided. By becoming an affiliated member, the attorney 210 is

“enlisted” as part of a network of independent attorneys, each referring the benefit provider 220 to a client 200 and thereby distributing the benefits provided by the benefit provider 220. Because the network of member attorneys may be established using computer communications media provided over the Internet, a large benefit distribution system can be provided at a lower cost than the typical attorney-employee method or MDP method of the prior art. The benefit provider 220 can accordingly charge competitive fees for providing or managing the benefit while at the same time being able to compensate the member attorneys 210s for legal services provided to their clients.

The agreement between the attorney 210 and the benefit provider 220 may require that the attorney 210 provide a defined amount or type of legal services to the client 200 over a defined period of time. Typically, the defined amount of services is expressed in units of time while the defined type of services is expressed as typical attorney functions, for example reviewing the benefits under management by the benefit provider 220 in light of any changes in the client’s goals, reviewing tax consequences and the like. While the amount or type of services may be specified, it remains in the sole discretion of the attorney 210 to determine the form and content of any service provided to the client 200. In any case, the attorney 210 is compensated only for providing legal services. The compensation is provided on a periodic basis, for example, annually or biannually. The compensation may include payment for the initial services, such as wealth planning services rendered to the client 200 prior to the client 200 having established a relationship with the benefit provider 220. Preferably, before any compensation is paid to the attorney 210, the attorney 210 submits a document certifying to the benefit provider 220 that legal services have been provided to the client 200 according to the engagement agreement. The client 200 also submits a document to the benefit provider 220 confirming that the attorney’s certification is correct.

In certain embodiments, the fee charged by the benefit provider 220 for managing the client’s benefits may be proportionate to the value of the benefit. In other embodiments the fee charged by the benefit provider 220 may be a fixed amount. In a preferred practice, the benefit provider 220 charges a fee that is competitive with the fees charged by other benefit providers 220. A fee of 2% per annum or less of value of the assets under management would be competitive in most situations. In one

embodiment, a fee of 1.95% per annum is charged by the benefit provider 220. In another embodiment, where the benefits under management are of a high value, a lower rate may be negotiated between the client 200 and the benefit provider 220. In such circumstance, one of the services provided by the attorney 210 under the engagement agreement with the client 200 may be to negotiate with the benefit provider 220 to offer a lower fee to the client 200. This presents no conflict of interests so long as the compensation fee paid to the attorney 210 is not changed because that compensation has been previously authorized by the client 200 in the engagement agreement. In most embodiments, the fees will be paid to the attorney 210 from earnings on the benefit being managed, especially when the benefit is an investment. In other embodiments, the fees may be billed and paid apart from the earnings on the asset.

To reduce the likelihood of conflicts of interest that might arise if the relationship A between the attorney 210 and the client 200, or the relationship B between the client 200 and the benefit provider 220 should deteriorate, the third party payor method provided herein may be made contingent on maintaining these relationships. In this practice, the affiliation of each attorney member 210 with the benefit provider 220 is conditioned on there being at least one client 200 of the member attorney 210 with a benefit being managed by the benefit provider 220. In addition, continued management of a benefit by the benefit provider 220 is conditioned on the client 200 receiving legal services by an affiliated member attorney 210. If the attorney 210 should withdraw from providing services to the client 200 then the client 200 is required to transfer benefits being managed by the benefit provider 220 to another benefit provider selected by the client 200. Similarly, if the client 200 should withdraw all accounts being managed by the benefit provider 220, then the membership of the affiliated attorney 210 with the benefit provider 220 is also terminated with respect to that client 200. These features help ensure that the attorney 210 will not be compensated if the client 200 dissolves the relationship with the attorney 210 and that the client 200 is always represented by an attorney 210 with respect the benefits being managed.

In the method and systems described herein, the client 200 may retain an attorney 210 originally selected by the client 200 who is familiar with the client's overall personal and legal needs. The client 200 need not rely on the counsel of an

attorney employee of the benefits provider who's loyalties lie with the benefits provider. The client 200 preferably receives periodic counseling from the attorney 210 and does not incur additional fees when his or her own attorney 210 reviews the performance of the benefits provided from the benefits provider. The attorney 210
5 maintains his or her independence as client advisor and receives ongoing compensation for the legal services provided to the client 200 in compliance with the ethical rules governing attorneys. The benefit provider 220 obtains a method for distributing its benefits through a body of affiliated member attorneys 210 who can provide the wealth management expertise needed to adequately advise the clients. The independent body
10 of attorneys are willing to recommend the benefit provider 220 to their own clients knowing that as attorneys, they will be able to provide ongoing oversight on behalf of their client's potentially changing goals and receive a reasonable fee for doing the same.

The third party compensation method provided herein is analogous to the role of a liability insurance company that serves as the third party payor to an attorney who
15 represents the interest of the client in a matter covered by the terms of the insurance policy. In both cases the third party payor relationship comports with ethical rules because the services provided by the attorney 210 to the client are not put at risk by the third-party payor. However, the method provided herein differs from insurance in several respects. One difference is that in the present method, the client 200 receives
20 periodic legal services without any triggering event. In contrast, services paid by insurers are not provided unless a triggering event occurs within the terms of the insurance policy. Another difference is that the legal services in the present method help manage a benefit of a client 200 rather than avoid (or minimize) a liability. In this respect, the third-party payor of the present invention has interests that are aligned with
25 those of the client rather than being adverse thereto.

From the foregoing it will be appreciated that, although specific embodiments of the invention have been described herein for purposes of illustration, various modifications may be made without deviating from the spirit and scope of the invention. More specifically, although the embodiments described above have been
30 described in the context of an attorney rendering legal services to a client and being compensated for those services by an entity who manages the benefit of the client, other arrangements are possible within the scope of the invention. The first type of service

may be any type of service provided by any entity able to provide that service. Examples include, but are not limited to, professional counseling or advising services such as business management services, investment services, accounting services, medical services, psychological services and the like. Still other types of services
5 include employment services, architectural services, contractor services, repair services and the like. Example benefits include financial assets such as securities investments, mutual funds, various forms of banking accounts, real estate investments, cash accounts, insurance policies and the like. These may be included in fiduciary accounts, such as trusts, conservatorships and executorships. When the benefit involves a
10 fiduciary account, the client may be the trustee of the account and the benefit provider may manage the account as an agent of the trustee. Alternatively, the benefit provider may be the fiduciary, i.e. the trustee, conservator, or executor of a fiduciary account where the client is the grantor. In still another embodiment, the client may be the beneficiary of a fiduciary account granted by another but managed by a benefit provider
15 who serves as the trustee, conservator, executor or agent of the account. Still other benefits include interests in personal property, for example, investments in art or other collectible items. Other property benefits include leases on real or personal property, for example a building lease or lease on a vehicle such as boat, plane or automobile. Example entities providing such benefits include trust companies, securities brokers,
20 mutual fund companies, accounting firms, as well as a entities such as real estate brokers, real property management firms, insurance companies and personal property dealerships. Accordingly, the invention is not limited except as by the following claims.

WHAT IS CLAIMED IS:

1. A method of conducting transactions, comprising:
 - a first entity providing a first type of service to a second entity, the first entity being able to accept fees for the first type of service but under an obligation not to accept fees for providing a first benefit to the second entity and/or making a referral to a third entity that provides the first benefit to the second entity;
 - the third entity performing the first benefit for the second entity, the third entity being able to accept fees from the second entity for providing the first benefit; and
 - the third entity compensating the first entity for the first type of service the first entity provides to the second entity from fees the third entity charges the second entity for providing the first benefit.
2. The method of claim 1 wherein the first benefit comprises a second type of service performed by the third entity for the second entity.
3. The method of claim 2 wherein the first entity comprises an attorney, the second entity comprises a client, and the first type of service comprises legal services.
4. The method of claim 3 wherein the obligation not to accept fees for providing the first benefit and/or making a referral to a third entity that provides the first benefit comprises an ethical rule, license requirement or statute governing the conduct of attorneys.
5. The method of claim 3 wherein the third entity comprises an asset manager, the second type of service comprises managing assets owned by the first entity, and the legal services comprise counseling the client regarding the assets managed by the asset manager.
6. The method of claim 3 wherein the legal services comprise a wealth or estate planning service.

7. The method of claim 1 wherein the first type of service comprises an accounting service, the first entity comprises a licensed accountant, and the obligation not to accept fees for providing a first benefit to the second entity comprises an ethical rule, license requirement or statute governing the conduct of accountants.

8. The method of claim 7 wherein the accounting service comprises asset managing services.

9. The method of claim 1 wherein the first type of service comprises an investment advisor service, the first entity comprises a licensed investment advisor, and the obligation not to accept fees for providing a first benefit to the second entity comprises an ethical rule, license requirement or statute governing the conduct of investment advisors.

10. The method of claim 9 wherein the investment advisor service comprises asset managing services.

11. The method of claim 2 wherein the second type of service comprises an asset management service managing assets owned by the third entity.

12. The method of claim 2 wherein the second type of service comprises a banking service managing an account for the third entity.

13. The method of claim 2 wherein the second type of service comprises a securities brokerage service for investments owned by the third entity.

14. The method of claim 2 wherein the second type of service includes management of a fiduciary instrument and the third entity is a fiduciary or agent of the fiduciary and the second entity is the grantor or beneficiary of the fiduciary instrument.

15. The method of claim 14 wherein the fiduciary instrument comprises a trust.

16. The method of claim 14 wherein the fiduciary instrument comprises a conservatorship.

17. The method of claim 14 wherein the fiduciary instrument comprises an executorship.

18. The method of claim 2 wherein the second type of service comprises insurance brokering services for an insurance policy involving the second entity.

19. The method of claim 2 wherein the second type of service comprises a real estate brokering service for real estate owned by the second entity.

20. The method of claim 2 wherein the second type of service comprises a personal property brokering service for personal property owned by the second entity.

21. The method of claim 2 wherein the second type of service comprises a property management service for a lease on real or personal property owned by the second entity.

22. The method of claim 1 wherein the obligation not to accept fees for providing a first benefit to the second entity and/or making a referral to a third entity that provides the first benefit to the second entity comprises an obligation not to accept fees for providing the first benefit to the second entity.

23. The method of claim 1 wherein the obligation not to accept fees for providing a first benefit to the second entity and/or making a referral to a third entity that provides the first benefit to the second entity comprises an obligation not to accept fees for making a referral to the third entity.

24. The method of claim 1 wherein the first type of service is provided to the second entity on a periodic basis and the first entity is compensated on a periodic basis over a period of time that the benefit is being provided by the third entity.

25. The method of claim 1 wherein the first entity is compensated as a proportion of the value of the benefit provided to the second entity by the third entity.

26. The method of claim 1 wherein the first entity is compensated from fees charged by the third entity for providing the benefit over a period of time.

27. The method of claim 1 wherein the first entity is selected by the second entity, and the method further comprises the third entity referring the first entity to the second entity.

28. The method of claim 1, further comprising the third entity providing a membership affiliation with a plurality of first entity members, each first entity member referring at least one of the second entities to the third entity.

29. The method of claim 28 wherein the membership affiliation comprises an agreement between the first entity and the third entity, the agreement providing that the first entity is required to provide a defined amount of the first type of services for the second entity over a defined period of time.

30. The method of claim 28, further comprising the third entity providing an affiliated first entity member with instructional materials regarding the benefit provided by the third entity.

31. The method of claim 28 further comprising the third entity providing an affiliated first entity with instructional materials regarding the first type of services provided by the first entity.

32. The method of claim 28, further comprising the third entity providing the first entity member with secure access to an account that includes periodically updated information concerning the benefit provided by the third entity to each second entity that the first entity refers to the third entity.

33. The method of claim 28, further comprising the third referring prospective second entities seeking the first type of service to affiliated first entities.

34. The method of claim 28 wherein the membership affiliation is provided over a computer network.

35. The method of claim 32 wherein the computer network comprises the Internet.

36. The method of claim 28 wherein the affiliation of each first entity member is conditioned on there being at least one second entity to which the first entity has provided or will provide the first type of service with respect to the benefit provided by the third entity, the benefit provided by the third entity being conditioned on the second entity receiving the first type of services from the first entity.

37. A method of providing legal services to a client, comprising enlisting at least one attorney to provide the legal services to the client, the attorney being under an obligation not to accept fees for referring the client to an asset management entity;

referring the client to the asset management entity, the asset management entity charging a fee to the client for managing the asset, and

the asset management entity compensating the attorney for the legal services provided to the client by paying the attorney a portion of the fees the asset management entity charges the client for managing the asset.

38. The method of claim 37 wherein the legal services comprise estate planning services.

39. The method of claim 37 wherein the asset management entity provides a banking service for managing a financial investment owned by the client.

40. The method of claim 37 wherein the asset management entity provides a securities brokerage service for securities investment owned by the client.

41. The method of claim 37 wherein the provides a banking service for an account owned by the client and managed by the banking service.

42. The method of claim 37 wherein the asset management entity manages a fiduciary instrument as a fiduciary or agent of a fiduciary and the client is a grantor or beneficiary of the fiduciary instrument.

43. The method of claim 42 wherein the fiduciary instrument comprises a trust instrument.

44. The method of claim 42 wherein the fiduciary instrument comprises a conservatorship instrument.

45. The method of claim 42 wherein the fiduciary instrument comprises an executorship.

46. The method of claim 37 wherein the asset management entity provides insurance services for an insurance policy involving the client.

47. The method of claim 37 wherein the asset management entity provides a real estate management service for real estate owned by the client.

48. The method of claim 37 wherein the asset management entity provides personal property management services for personal property owned by the client.

49. The method of claim 37 wherein the asset management entity provides property management service for real or personal property owned by the client.

50. The method of claim 37 wherein the compensation paid to the attorney includes compensation for legal services provided to the client prior to referring the client to the asset management entity.

51. The method of claim 37 wherein the legal services are provided to the client on a periodic basis and the attorney is compensated on a periodic basis over a period of time that the asset is managed by the asset management entity.

52. The method of claim 37 wherein the attorney is compensated by the asset management entity in proportion to the value of the asset being managed by the asset management entity.

53. The method of claim 37 wherein the attorney is compensated from fees charged by the asset management entity for managing the asset over a period of time.

54. The method of claim 37 wherein the attorney is selected by the client, and the asset management entity is referred to the client by the attorney.

55. The method of claim 37 wherein the asset management entity provides a membership affiliation with a plurality of member attorneys, each member attorney referring the services of the asset management entity to at least one client.

56. The method of claim 55 wherein the membership affiliation includes an agreement between the attorney and the asset management entity, the agreement providing that the attorney is required to provide a defined amount of legal services to the client over a defined period of time.

57. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with instructional materials regarding the services available from the asset management entity.

58. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with instructional materials regarding the legal services provided being provided to the client.

59. The method of claim 55, further comprising the asset management entity providing the affiliated member attorneys with secure access to an account that includes periodically updated information concerning the asset managed by the asset management entity to each client that the attorney refers to the asset management entity.

60. The method of claim 55, further comprising the asset management entity referring prospective clients to a member attorney to provide legal services regarding the asset managed by the asset managing entity.

61. The method of claim 55 wherein the membership affiliation is provided over a computer network.

62. The method of claim 61 wherein the computer network comprises the Internet.

63. The method of claim 55 wherein the affiliation of each attorney member is conditioned on there being at least one client of the member attorney member with an asset being managed by the asset management entity, and wherein management of the asset by the asset management entity is conditioned on the client receiving legal services by an affiliated member attorney.

64. The method of claim 63, further comprising transferring the asset of the client under management by the asset management entity to another entity selected by the client if the client ceases to receive legal services from the member attorney or the member attorney ceases to be affiliated with the asset management entity.

65. A third-party compensation method for providing legal services to a client, comprising:

establishing a relationship between an attorney and the client to provide legal services to the client concerning management of an asset owned by the client;

the attorney referring the client to an asset management entity to manage the asset of the client, the attorney being under an obligation to not accept fees for referring the client to the asset management entity;

establishing a relationship between the client and the asset management entity, and, pursuant to the relationship, the asset management entity managing the asset owned by the client and charging a fee to the client for managing the asset;

establishing a relationship between the attorney and the asset management entity; and

pursuant to the relationship between the attorney and the asset management entity, the asset management entity compensating the attorney for legal services provided to the client regarding the asset being managed by the asset management entity, the compensation being provided from the fees the asset management entity charges the client for the management of the asset.

66. A third-party compensation method for providing legal services to clients, comprising:

providing a network of member attorneys affiliated with an asset management entity;

the member attorneys providing legal services to clients regarding respective assets owned by the clients;

the member attorneys referring clients to the affiliated asset management entity, the member attorneys being under an obligation to not accept fees for referring the clients to the affiliated asset management entity;

the asset managing entity managing the respective assets of the clients, the asset management entity charging the clients fees for managing the assets; and

the asset management entity compensating each member attorney for the legal services provided by each member attorney to each of the member attorney's clients having an asset managed by the asset management entity.

67. A third-party compensation method for providing legal fees to an attorney comprising;

establishing a first relationship between a client and the attorney, the attorney providing legal advice to the client concerning the clients wealth and being under an obligation to not accept fees for referring the client to a wealth management entity;

establishing a second relationship between the client and a wealth management entity, the wealth management entity charging a fee to the client to manage the wealth of the client; and

establishing a third relationship between the wealth management entity and the attorney, the attorney referring the client to the wealth management entity and the wealth management entity compensating the attorney for legal services provided to the client.

68. A system for doing business comprising:

a first document establishing a first relationship between a client and an attorney, the first document specifying that the attorney will provide legal services to the client;

a second document establishing a second relationship between the client and an asset management entity, the second document providing for the asset management entity managing an asset of the client and charging a fee to the client for managing the asset of the client; and

a third document establishing a third relationship between the asset management entity and the attorney, at least one of the first, second and third documents specifying that the asset management entity will compensate the attorney for the legal services provided to the client by the attorney pursuant to the first document from the fee charged to the client pursuant to the second document.

69. The system of claim 68, wherein the third document provides for the referral by the attorney of clients to a asset management entity.

70. A system for doing business comprising computer communications media configured to communicate:

information establishing a first relationship between a client and an attorney, the information specifying that the attorney will provide legal services to the client;

information establishing a second relationship between the client and an asset management entity, the second relationship including the asset management entity charging a fee to the client to manage the assets of the client; and

information establishing a third relationship between the asset entity and the attorney, the third relationship including the asset management entity compensating the attorney for providing legal services to the client pursuant to the first relationship.

71. The system of claim 70 wherein the third relationship further includes the attorney referring clients to the asset management entity.

72. The system of claim 70 wherein the computer communications media is further configured to provide information identifying a set of member attorneys having established the third relationship with asset management entity and information identifying a corresponding set of clients having established the second relationship with the asset management entity.

73. The system of claim 70 wherein the computer communications media is further configured to provide secure account information regarding an asset being managed by the asset management entity for the client, the secure account information being accessible to the client, the asset management entity and the attorney providing legal services for the client.

74. The system of claim 70 wherein the computer communications media configured is further configured to provide information to the client and to the attorney concerning services offered by the asset management entity for managing the asset of the client.

75. The system of claim 70 wherein the computer communications media is further configured to provide selected information to the attorney, the selected information including instructional materials to aid the attorney in providing legal services for the client.

76. The system of claim 70 wherein the computer communications media transmits information over a computer network.

77. The system of claim 76 wherein the computer network comprises the Internet.

THIRD PARTY PAYOR METHOD AND SYSTEM FOR DISTRIBUTING FINANCIAL BENEFITS

ABSTRACT OF THE DISCLOSURE

A method and system is provided to distribute benefits to a client, and compensate a first entity, such as an attorney, for providing a first type service to the client. The method includes establishing a relationship between the first entity and the client where the first entity provides a first type of service to the client, the entity being under an obligation not to accept fees for referring the client to a third entity which provides the benefit as a second type of service. The client is referred to the third entity, which provides the benefit and charges a fee to the client for providing the benefit. The third entity compensates the first entity for the first type of services provided to the client from a portion of the fees charged to the client by the third entity. The method complies with ethical rules governing the professional conduct of the first entity.

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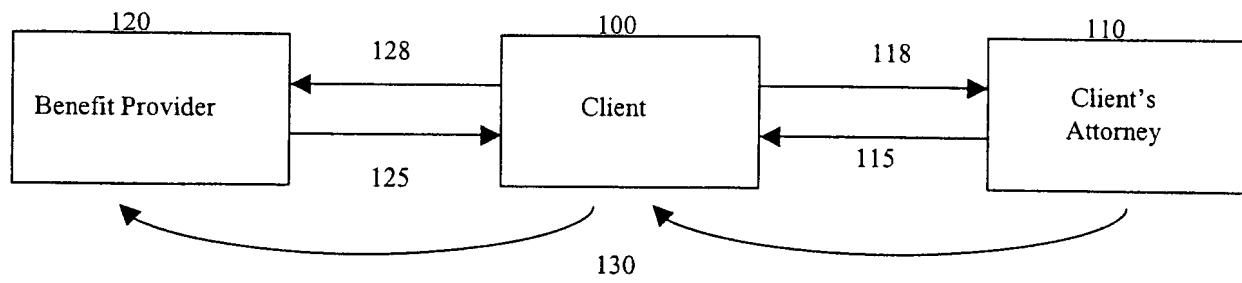


Fig. 1A

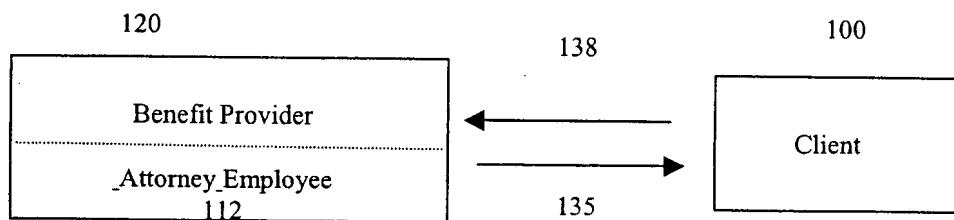


Fig. 1B

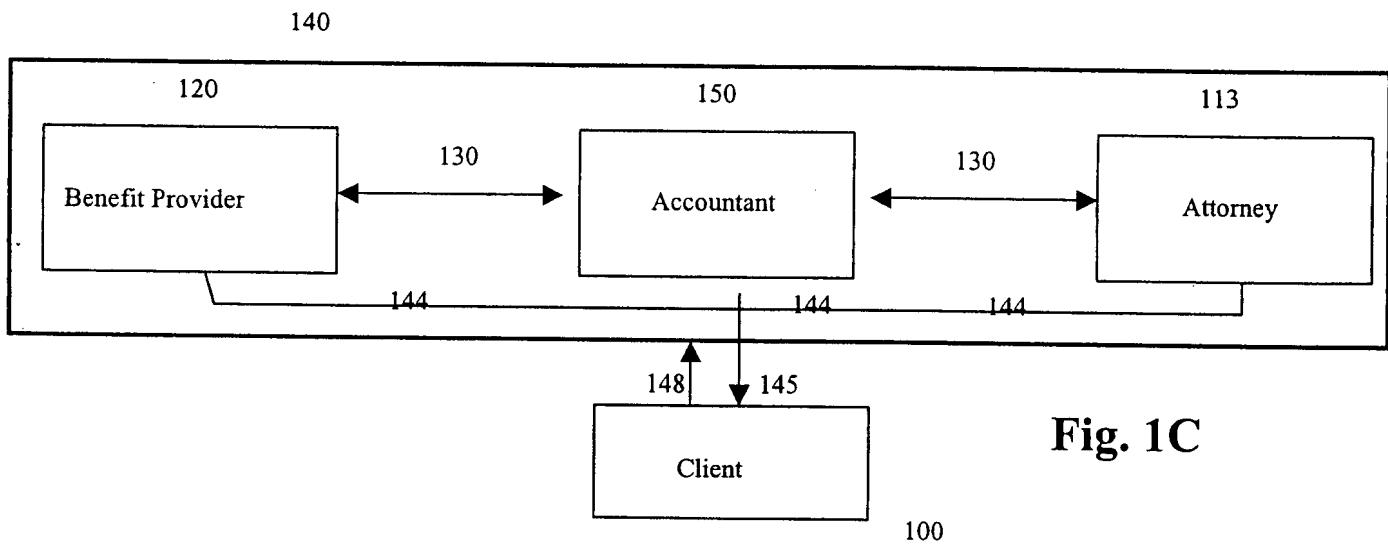
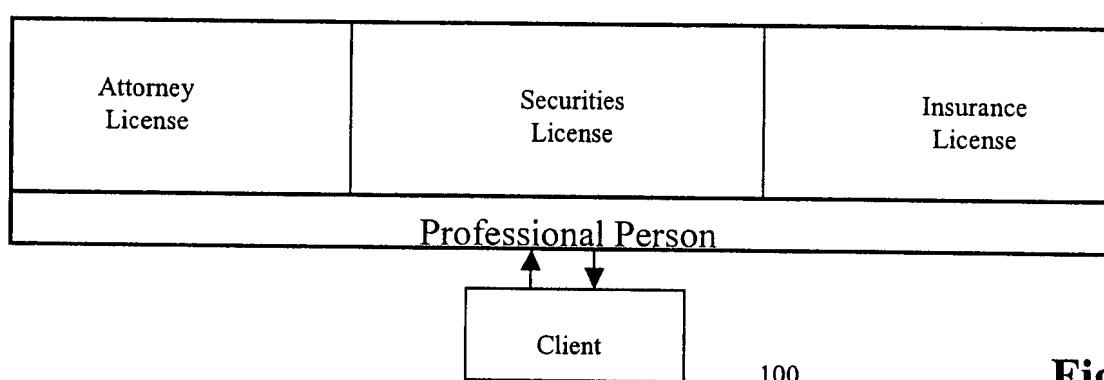


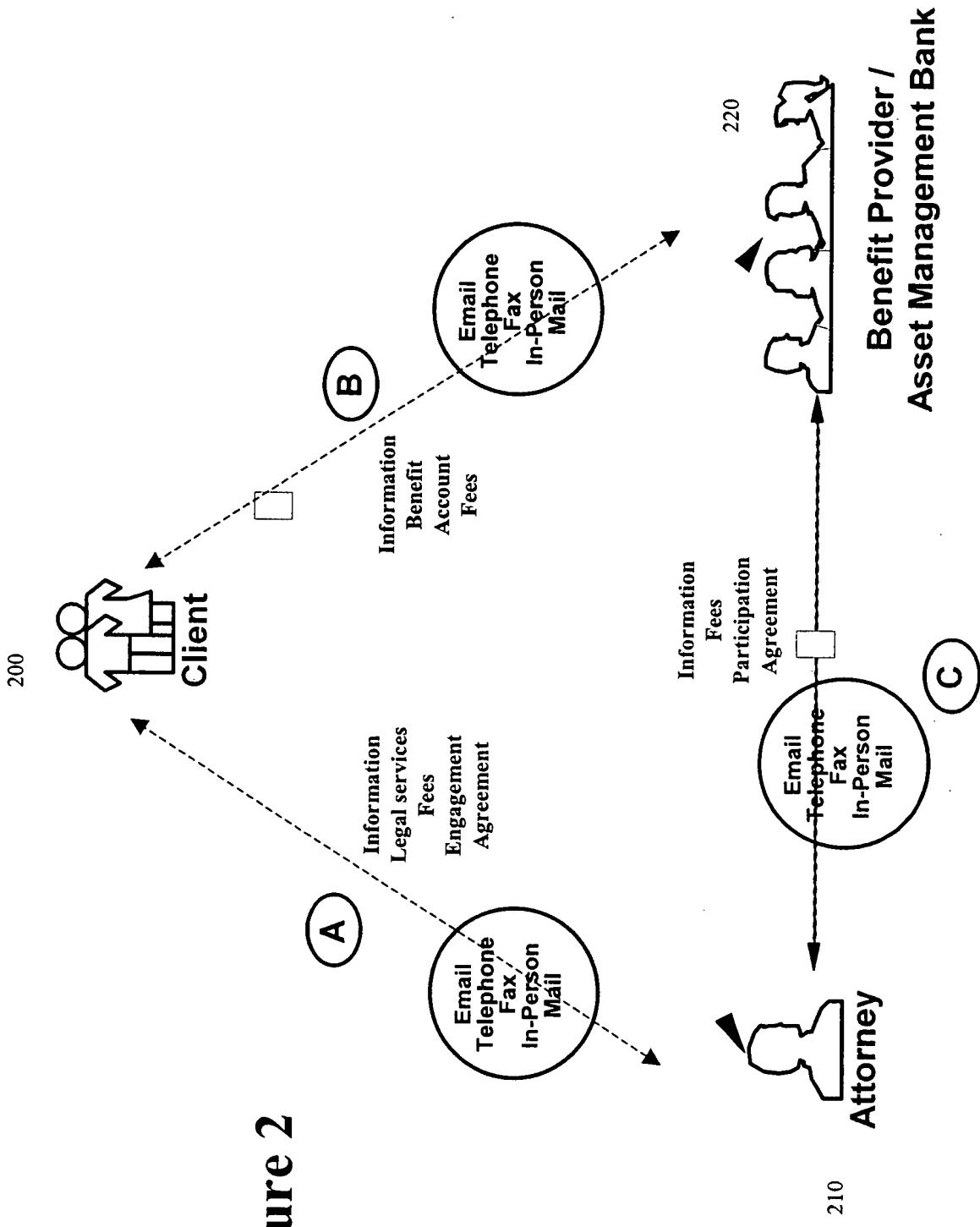
Fig. 1C



(Prior Art)

Fig. 1D

Figure 2



200

Figure 3

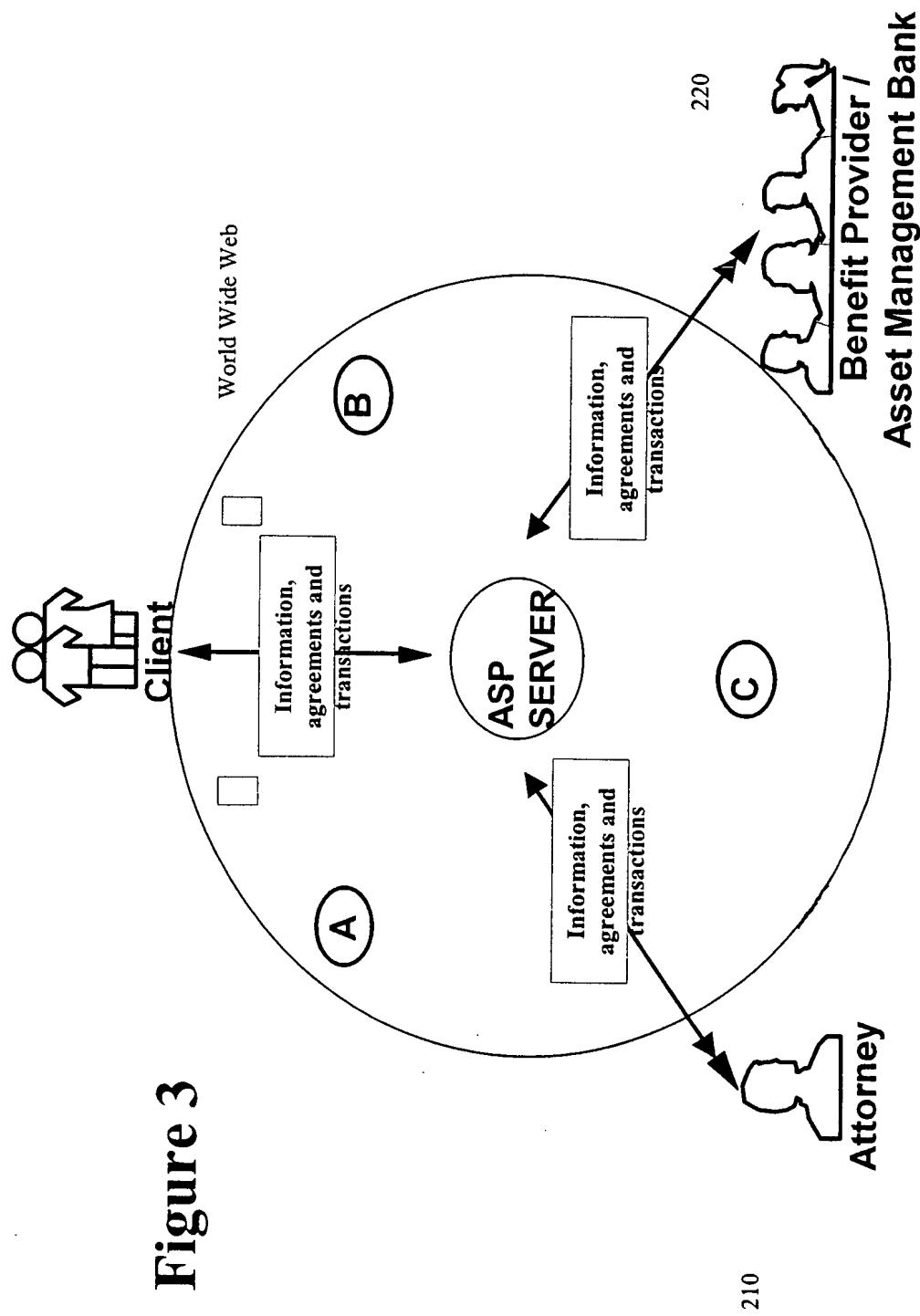


EXHIBIT "B"



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DORSEY & WHITNEY LLP

(CJ)

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/858,145	05/14/2001	Daniel Prohaska	501009.01	2191
27076	7590	04/19/2007		
DORSEY & WHITNEY LLP INTELLECTUAL PROPERTY DEPARTMENT SUITE 3400 1420 FIFTH AVENUE SEATTLE, WA 98101			EXAMINER	CARLSON, JEFFREY D
			ART UNIT	PAPER NUMBER
			3622	
SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE		
3 MONTHS	04/19/2007	PAPER		

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

FINAL REJECTION2 mo. Response Due: June 19, 20073 mo. Response Due: July 19, 2007Notice of Appeal Due: October 19, 2007

(6 mo. period ends/3 mo. ext. of time required - will go abandoned)

Office Action Summary	Application No.	Applicant(s)
	09/858,145	PROHASKA ET AL.
	Examiner Jeffrey D. Carlson	Art Unit 3622

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 16 January 2007.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-3,5,6,11-21 and 24-77 is/are pending in the application.
 - 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-3,5,6,11-21 and 24-77 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 - a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ . |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ . | 6) <input type="checkbox"/> Other: _____ . |

DETAILED ACTION

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

1. Claims 68-77 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

- Claims 68-69 simply set forth three documents. The content of the documents sets forth agreements between different parties, yet these agreement documents are taken to be nothing more than data per se and represent non-functional descriptive material. Claims 70-77 are rejected for similar reasons even though they appear to set forth content on computer media. In essence, these claims are an electronic equivalent of the problematic agreement documents. These claims are taken to represent documentation of a series of agreements and information useful for implementing the disclosed system, yet there is no apparatus programmed with the capabilities of carrying out the functionalities. See MPEP 2106 IV B 1 b.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 1-3, 5, 6, 11-21 and 24-77 are rejected under 35 U.S.C. 103(a) as being unpatentable over “traditional business model” (applicant admitted prior art).

Applicant provided prior art disclosure as a traditional business model in paragraphs 0004-0005 of the published instant application (US PG Pub 20020023030). In this applicant-admitted prior art, a client retains an attorney for legal services, the attorney refers the client to an asset manager for providing of financial assistance/benefits to the client. Applicant describes that the attorney in most jurisdictions is prevented from receiving fees from the benefit provider or from the client for making the referral. *Inasmuch as pertinent, Examiner notes that the instant invention appears to go against this regulation in that the claimed invention appears to facilitate what amounts to a referral fee from the benefit provider to the attorney. Nonetheless, the challenges presented by current regulatory hurdles in practicing business will not be taken into consideration by the examiner, nor will any success in overcoming or sidestepping such regulation provide a patentable distinction. Rather, the claims will be evaluated for novelty and obviousness with respect to the technology of the present field of endeavor.*

Regarding claim 1, the claim (and others with similar language) is interpreted to provide the following positive limitations: a method for a first entity servicing a second entity, a referred third entity servicing the second entity, the second entity paying the

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third entity and the third entity providing compensation to the first entity. Language describing the types or qualities of the entities and language describing why acts are performed do not positively set forth or limit any particular method steps that are carried out and are therefore not taken to limit the claims. The traditional business model provides the three entities and the services, but not necessarily transfer of funds from the third entity to the first. However, applicant admits that referral fees are known, but are against regulation in most (i.e. not all) jurisdictions. It would have been obvious to one of ordinary skill at the time of the invention for the desire to send a referral fee from 3 to 1, yet to designate any such compensation as other than a referral fee given the illegalities of such. Therefore it would have been obvious to one of ordinary skill at the time of the invention to have provided funds/value from 3 to 1 in the form of a gift or a dinner or an amount of money without calling it a referral fee. It would have been obvious to one of ordinary skill at the time of the invention to have called such a payment as payment in consideration for the 1st service entity1 provides to entity2. Regarding applicant's language that the compensation "from fees entity3 charges entity2", it would have been obvious to one of ordinary skill at the time of the invention to have paid the compensation using funds earned from any number of sources, including fees from entity2. Depositing entity2's money into an account and then paying entity1 a compensation from this account is taken to read on the claim language of "from fees the third entity charges the second entity". Further, it would have been obvious to one of ordinary skill at the time of the invention for entity2 to pay entity3 with the notion that entity3 pass along at least some of the funds to entity1 for the service

provided by entity1. In many cases, these referring businesses may be good friends, relatives, or work in the same building and entity2 may find it easier to simply pay entity3 with the notion that some of the funds should be disbursed to entity1 for his efforts. Official Notice is taken that it is common for a person owing several people money to pay the entire sum to one of them with instructions for them to disbursed funds to the other deserving recipients. It would have been obvious to one of ordinary skill at the time of the invention to have done so with such a "traditional business model" of attorney and financial consultant for example. Further still it would have been obvious to one of ordinary skill at the time of the invention for entity3 to provide funds from his earnings to entity1 in the situation where entity2 fails to pay entity1 whatsoever. Entity3 may feel it is the right thing to do to at least partially compensate entity1 for his efforts, especially where entity3 has indeed been fairly paid. It would have been obvious to one of ordinary skill at the time of the invention to have made these payments to preserve the goodwill and integrity of the entity1-entity3 relationship or simply because entity3 feels morally compelled to see entity1 gets paid.

Regarding claims 2, 3, 5, 6, 11-21, 37-50, 54, the wide variety of services claimed by applicant are all well known services to provide to a client by way of different service providers. It would have been obvious to pay a compensation between any two types of service providers.

Regarding claims 24-26, 51-53, applicant admits that periodic payments and proportional value payment schemes are known. It would have been obvious to one of

ordinary skill at the time of the invention to have used these with the traditional business model.

Regarding claims 27, 33, 60, it would have been obvious to one of ordinary skill at the time of the invention that any entity can make referrals and/or other payments to any other entity for business purposes.

Regarding claims 28-31, 55-58, 65-67 applicant admits that different entities can enter into affiliated memberships and it would have been obvious to one of ordinary skill at the time of the invention that the entities involved form affiliated relationships so that they can provide team-based servicing. It would have been obvious to one of ordinary skill at the time of the invention that team members provide instructional materials to their clients in order to assist them in understanding the services.

Regarding claims 32, 34, 35, 59, 61, 62, 76, 77, Official Notice is taken that entities that are affiliated in business frequently exchange business information over the Internet by way of remote access to computer systems and by email exchange. It would have been obvious to one of ordinary skill at the time of the invention to have accessed and/or transmitted the business information involved in the proposed business arrangement and services over a network for convenience in order to enable remotely located clients and service entities to conduct business electronically.

Regarding claim 36, 63, a condition cannot limit a method claim. Either the method steps are performed or not. Optional steps or limitations regarding other alternative scenarios do not form part of the performed method steps.

Regarding claim 64, Official Notice is taken that a retiring attorney transfers his clients to another attorney. It would have been obvious to one of ordinary skill at the time of the invention to have transferred the client to another entity when the attorney leaves the affiliated membership or stops practicing law so that the client can continue to receive the needed service.

Regarding claims 68-75, Official Notice is taken that it is well known to draft contracts for business agreements and it would have been obvious to one of ordinary skill at the time of the invention to have documented (on paper and/or electronically) not only the proposed business arrangements between the involved entities and the fees they would pay and receive, but also the assets involved and the details of the services provided as they are rendered.

Response to Arguments

Applicant argues that that the claims require a lack of referral fees. Examiner has described how the prior art renders obvious payments from entity3 to entity1 in two ways. The first is in place of a referral fee where rules do not permit and the second is where entity3 is paid for all services and entity3 distributes funds to entity1.

Conclusion

4. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

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A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jeffrey D. Carlson whose telephone number is 571-272-6716. The examiner can normally be reached on Mon-Fri 8a-5:30p, (work from home on Thursdays).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber can be reached on (571)272-6724. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Jeffrey D. Carlson
Primary Examiner
Art Unit 3622

jdc